

copy 2

BUSINESS WEEK



President H. W. Prentis, Jr., and Chairman Howard Coonley plan for N. A. M. and industry.

MERCURY

WORLD'S ONLY LIQUID METAL...

CUTS POWER COSTS

Another true case history from the Allis-Chalmers files that proves "IT PAYS TO BUY THE EQUIPMENT THAT PAYS FOR ITSELF"

Read How Allis-Chalmers Mercury Arc Power Rectifiers Cut Power Costs \$2200 a Year for Steel Mills . . . How They Save on Operating and Maintenance Costs for Coal Mines and Traction Systems! Get the Details on the Big Savings Allis-Chalmers Can Give You . . . with the Equipment that Pays for Itself!

A plaything . . . a touchstone . . . a medicine . . . an explosive—for centuries that has been the amazing story of mercury, the world's only liquid metal!

And here's the most sensational chapter in that story—how mercury works for modern industry to cut power costs . . . reduce maintenance costs . . . make workmen's jobs easier!

It's the most unusual commercial use of mercury . . . the mercury arc power rectifier, pioneered in America by Allis-Chalmers to give all industry inexpensive power conversion.

Rectifiers Pay for Themselves!

For mercury arc rectifiers change alternating current—cheaper to make and transmit—to direct current—easier to use in many applications. And they do it more efficiently . . . more cheaply than ever before possible. Actual true



BECAUSE MERCURY IS SUSCEPTIBLE TO ANYTHING UNCLEAN, the Allis-Chalmers rectifier shops are kept spotlessly clean. And, like surgeons, workmen are "Men in White." However, after the machine is finally sealed, such precautions are no longer necessary, and the rectifier becomes one of industry's hardest machines.

case histories in the Allis-Chalmers files show that Allis-Chalmers Mercury Arc Rectifiers have paid for themselves in a wide range of industries.

In a big steel mill, a mercury arc rectifier is saving \$2200 a year in power costs. They're saving \$300 to \$400 a month for a large coal mine, and they're setting cost-cutting records for producers of electrolytic products. Traction systems and radio stations find that power costs are lower . . . maintenance costs reduced . . . outage time cut down . . . ever since they installed this Allis-Chalmers equipment.

These are unusual examples of the versatility of Allis-Chalmers' cost-cutting engineering service. But in plants all over the country equipment engineered by Allis-Chalmers is paying for itself in the dollars it saves!

That's what other informed executives got when they put 90 years of engineering experience to work for them. Write to Allis-Chalmers or call the nearest District Office. Let a trained production engineer give you the whole story on the savings you get with Allis-Chalmers equipment . . . the equipment that pays for itself.

PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS

MILWAUKEE - WISCONSIN



How could we ever have Christmas without Ford V-8 Trucks?

All over town, they're hauling things — big trucks, little trucks, middle-size trucks — delivering packages from the stores . . . bringing in cordwood and Christmas trees, chickens and turkeys from the country . . . carrying big shipments of merchandise from city to city. It's hard to find a single hauling or delivery job that Ford V-8 Trucks don't handle today.

The 42 different body and chassis types comprising the 1940 line of trucks and commercial cars, in

combination with a choice of engines — 95, 85 and 60 hp — make it possible to select the exact unit that will do more work for you — in less time, at lower cost.

There are lots of improvements in the new Ford Truck, and a host of time-tested Ford features that mean one thing—*quality*! See these units at your Ford dealer's and compare them with any other truck at any price. Arrange for an actual "on-the-job" test and find out for yourself the difference Ford quality

and Ford economy make before you spend another truck dollar.

Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses

FORD V-8 TRUCKS

AND COMMERCIAL CARS

No half-way inspection measures tolerated

Seventy-two years of power-equipment insurance have taught that casual inspection of boilers, engines, turbines and generators is but little better than no inspection at all. . . . It seldom reveals the incipient cracks or flaws; the "fatigue" that grows in moving parts under severe or constant stress—the obscure breeding spots of disaster!

The preponderant share of power-plant insurance carried by Hartford Steam Boiler is a tribute to an inspection thoroughness that has come from long-continued specialization in one line alone. It is evidence of the competency of a field force and a supervising engineering staff that have had a world of experience in making the sort of inspections that count. And industry is the gainer—since accident prevention is invariably less costly than accident aftermath.

The agent or broker who recommends Hartford to you has these things—and your interest—in mind.

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO. HARTFORD, CONNECTICUT

POWER INSPECTION BY POWER ENGINEERS. POWER INSURANCE BY THE OLDEST COMPANY OF ITS KIND IN AMERICA



THIS BUSINESS WEEK



H. W. Prentiss, Jr., president of Armstrong Cork Co., and Howard Coonley, chairman of the Walworth Co., Inc., on this week's cover of BUSINESS WEEK, are, respectively, the new president and the chairman of the National Association of Manufacturers, elected this week at N.A.M.'s 44th Congress of American Industry. They take up the gage for the private enterprise principle—"the American Way" to N.A.M.—at a critical time. Highlights of the Congress which ended with the adoption of the 1940 Platform of American Industry—page 15.

What's More

SIX HUNDRED MILLION BOARD FEET is a lot of lumber, but that's what Yankee timber owners have already salvaged and sold out of trees blown down by last year's hurricane. How this epic of co-operative marketing was written in individualistic New England—page 24 . . . As communism shades into imperialism, the Russian bear lumbers out of the East. "What Russia Is Reaching For"—in Finland and all along her western frontier—page 16 . . . A Philadelphia entrepreneur, Arthur W. Binns, has found a way to clear the slums, and make it pay—page 32 . . . "Bigger than Gauley Bridge." That's what they say the new controversy over silicosis, unleashed by a new report, is likely to grow into—page 51 . . . As the Allies buckle down to the job of commandeering supplies, American importers feel the pinch.

BUSINESS WEEK • DEC. 9, 1939 • NUMBER 534

(with which is combined the Magazine of Business). Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman, Publication office, 99-129 North Broadway, Albany, New York. Editorial and executive offices, 330 W. 42nd St., New York, N.Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President; Mason Britton, Vice-Chairman; B. R. Putnam, Treasurer; D. C. McGraw, Secretary; J. E. Blackburn, Director of Circulation. \$5.00 per year in U. S. A., possessions year in all other foreign countries; 20c per copy. Entered as second class at the Post Office at Albany, N.Y., under the Act of March 3, 1879. Printed by the McGraw-Hill Publishing Company, Inc.

A McGRAW-HILL

PUBLICATION



THE BUDD SLEEPER-COACH IDEA GOES TO TOWN!

Six luxurious new trains for Florida travelers at day-coach rates

THE six new passenger trains which go into New York-Florida service this month afford a splendid illustration of a policy that gives the public what the public wants.

It is significant that these new trains appear *only ten months* after the Seaboard Railway launched the Budd-built *Silver Meteor*, first All-Chair train in the East. The distinguishing advantage of this train was its combination of economy and comfort. It offered

travel luxury at ordinary day-coach fare—a saving of nearly half!

A brilliant success from the start, the *Silver Meteor* gained in popularity month after month. At times passage on it was selling six weeks in advance . . . revealing public eagerness to ride in attractive Chair Coaches that become restful Sleeper Coaches for overnight travel.

Rail management responded by ordering six more of these Budd trains—two each for the Seaboard, the Atlantic Coast Line, and the Florida East Coast Railway. Five will inaugurate daily New York-Florida service. One will make a daily round trip between Jacksonville and Miami.

Like every Budd-built train, these All-Chair streamliners are constructed *through and through* of stainless steel fabricated by Budd's exclusive SHOT-WELD★ process of welding. Made of the strongest structural material known, they maintain the highest standards of safety ever established in transportation by rail.

All-Chair service is a product of Budd enterprise and Budd methods. Popular with the public and profitable in operation, the Budd All-Chair train is enabling progressive railroads to open up new sources of railroad revenue. EDWARD G. BUDD MANUFACTURING COMPANY, PHILADELPHIA, DETROIT.

★ Reg. U. S. Pat. Off.

BUDD METHODS SAFELY ELIMINATE DEAD-WEIGHT

Points to remember about

Patapar

Reg. U. S. Pat. Off. & Foreign Countries

Patapar Vegetable Parchment is a most unusual kind of paper. Soak it in water, and behold, it comes out unharmed. Even boil it, and it will remain strong and sturdy. Test Patapar with grease or oily substances and you will discover that it resists penetration. In addition it is odorless, tasteless, sanitary.

Because of these characteristics, Patapar has furnished the answer to business men in many industries who have been searching for the correct paper to package and protect their products.



Perhaps you will find that Patapar is the very best paper for packaging YOUR product. Why not investigate now? Just tell us your problem and we will send samples and full information. Patapar is made in many sizes, weights and special finishes—sheets or rolls.

Paterson Parchment Paper Company
Bristol, Pennsylvania
West Coast Plant: 240 Bryant St., San Francisco
Branch Offices: New York, Chicago
Headquarters for Vegetable Parchment since 1885

NEW BUSINESS

Text Book

BECAUSE, "in the final analysis, business supports us and our families, and we all shall gain by comprehending its scope, importance, and necessity in our American way of life," the National Better Business Bureau, Inc., got Humphrey B. Neill (author of business books) to write a text for high school students on the functions of business today ("Understanding American Business," Macmillan Co., \$1.92). Howard M. Cool of the Better Business Bureau collaborated with Neill.

Texas

ONE OF THE PLANKS in W. Lee O'Daniel's platform as candidate for the governorship of Texas was the industrial development of the state. This week, the program began to take shape as business men received a report on "Possibilities for the Industrial Development of Texas." This large (18 in. x 12 in.) tract contains 56 pages of Texas economic data, illustrated with charts shaded by hand with water colors. At the end of the de luxe publication is summarized a tentative program: an industrial council, an advertising campaign, a service bureau for newly established industries, and other conventional suggestions.

Checking Up

IN THE FALL of 1937 Auburn Automobile Co. stopped making cars (BW—Dec 18 '37, p. 53). Left on its hands was a \$1,000,000 plant in Connersville, Ind., capable of turning out 265 Auburns a day. The plan was to manufacture parts and accessories for cars and to diversify production in other ways. This week the company is fabricating and assembling Pack-Age-Car delivery trucks, turning out stampings for the automotive industry, building merchandise display cases, electric fans, refrigerators, and custom bodies. One body, designed by Darrin of Paris for a Packard chassis, was a hit of the automobile show.

Height for Sale

A MAIL ORDER business in height-increasing shoes is being built up by Wentworth, Inc., Watertown, Mass. "Add-Hite" shoes are "cleverly designed to hide the extra inside height" afforded by a cork platform inserted in the shoe. A money back guarantee offers to return the customer's money if the shoes don't make him 1½ in. taller.

What's New?

NICKEL BAGS of processed soybeans (the oil is removed) have been introduced by Raymond Products Co., Marion, Ohio.

The soybeans look like peanuts, are called "B-Nuts."

Arthur E. Barrett, of 1260 East Broad St., Columbus, has invented an envelope which he calls the "Self-Opener." One corner is clipped and the letter sticks out through the hole. The addressee yanks this exposed portion of the letter, ripping the envelope open.

Frequency modulation transmitters in five ratings, ranging from 250 to 50,000 watts, have been placed on the market by General Electric. The company already produces receiving sets for this new kind of radio broadcasting which operates on ultra-short-wave bands and is characterized by high fidelity and freedom from static.

Our Times

NEVADA will issue cardboard license plates, good for 90 days, to automobile owners whose regular 1940 plates are delayed for some reason.

Communique on the trade war between the states: The president of the Wells Machinery & Supply Co., Fort Worth, has advised his purchasing department to cultivate a distaste for Wisconsin's products similar to the distaste Wisconsin expresses for cottonseed oil through a heavy margarine tax. This private pot shot, applauded by the National Cotton Council, follows closely upon Georgia's shutdown on distribution of Wisconsin dairy products to the state's relief clients. Meanwhile, the Cotton Council is booming a "Cotton Christmas" to increase domestic consumption of cotton.

Arthur W. Ramsdell has been elected Vice-President-in-Charge-of-Sales-of-Evaporated-Condensed-Malted Milk-Cheese-Mince-Meat-Caramels of Borden Co. and William Callan has been elected Vice-President-in-Charge-of-Casein-Adhesives-Prescription Products.

The University of Minnesota is making animated, color cartoon films of scientific subjects. The initial production is a history of Minnesota iron ore production, beginning with Stone Age scenes.

Sales Strut

THE CHRISTMAS catalog of the Stern Brothers department store, New York City, looks like a check book. Each "check" describes a gift on one side and carries a mail order blank on the other. The check stubs can be used as memoranda of gifts, prices, and recipients.

Church & Dwight Co., Inc., manufacturer of Arm & Hammer and Cow Brand baking soda, is advertising both brands as "excellent dentifrices." Previously the company has not played up this use of its products. From 1932-1938 a 5% excise tax was collected on dentifrices.

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—Roosevelt's rebuke to Russia because of the Finnish aggression, plus his proposal to help Finland with payments on its debt to us, is a setback for New Deal critics. As Roosevelt sees it, he now has the ball, running towards the anti-Communist goal, while those who have been criticizing the Administration most sincerely because of its pink tinge and its implied sympathy with Moscow objectives, now become merely a cheering squad rather than the grim opposing tackles they had seemed.

Reverse Play

THE SHIFT is regarded here as one of the most extraordinary reverse plays in the history of politics. It arouses special interest because it comes on the eve of a Presidential campaign in which the main issue will be whether the New Deal shall be continued—either by Roosevelt himself or someone satisfactory to him.

Roosevelt's sly observation that the only critics of his foreign policies are Soviet and Nazi leaders, plus a small number of statesmen in the U. S., is a token of the New Deal's glee over the maneuver.

TNEC Seeks Longer Life

SEN. O'MAHONEY, ambitious chairman of the Temporary National Economic Committee, hopes to talk Congressional leaders into putting up more money to continue its operations. TNEC has a nominal lease on life till January, 1941, but Congress has not been overly generous with funds.

Unless more are forthcoming, the committee will wind up its ball of yarn by February. Its report on recommendations is not expected to follow for several weeks.

Probe Insurance, Bond Selling

IN ANOTHER SERIES of hearings on life insurance which opened Thursday, the Securities and Exchange Commission is probing, for the monopoly committee's benefit, into causes of the failure of a batch of companies in the West and South. Of more than sixty companies in which policy-holders have lost money in the past 10 years, SEC is exposing the affairs of ten or a dozen.

Beginning Dec. 12, the SEC will put the investment banking business under the microscope. The investigators are primed for a searching inquiry. Among the witnesses will be W. Averell Harriman, railroader and partner in Brown Bros. Harriman and Co., George Whitney, of J. P. Morgan and Co., and

Charles E. Mitchell, chairman of Blyth and Co. and former National City Bank chief.

Lewis, Arnold Hit A. F. L.

THE beleaguered A.F.L. building trades took a double kicking last week when John L. Lewis released a "to-hell-with-A.F.L." letter, ordering his regional directors to put their full strength behind C.I.O.'s organizational drive in building. Same day, Thurman Arnold cracked down in Detroit, obtaining an indictment of bricklayers and tile-setters on charges of restricting labor supply to certain firms. Beautifully typifying the Arnold strategy, the Detroit indictments range the whole tile field—manufacturers, dealers, unions, and even a joint arbitration board. This board was ostensibly established to settle worker grievances, but the government claims it actually functions as the policing agency for the combination.

Look for more indictments in other cities after the holidays.

C.I.O. Scores Heavily

A FLOCK OF COURT DECISIONS and NLRB rulings that ran counter to craft-union hopes deepened the gloom at A.F.L. headquarters and added to C.I.O.'s joy.

NLRB announced that it was planning

to void the A. F. L. closed-shop contract with Condenser Corp. so that 1,300 employees could vote between the federation and C.I.O. and the Supreme Court upheld C.I.O. claims and NLRB rulings in ordering the Newport News Shipbuilding Co. to disestablish its company union. The court was also frosty to A. F. L. unions in its milk decision (page 15).

To round out a fast-breaking series of events C.I.O. claimed that Bethlehem Steel had invited it to come in and talk about labor relations, but Bethlehem did not confirm the report.

60 Hours or 42 Hours?

THE INTERSTATE COMMERCE COMMISSION will appeal to the Supreme Court from the ruling by a three-judge constitutional court handing it jurisdiction over the hours of non-driving employees of trucking concerns. The ruling has the effect of making non-driving employees subject to ICC's 60-hour work week (which now applies only to drivers) instead of the wage-hour division's 42-hour week. Suit was brought by American Trucking Association, after ICC had ruled it had no jurisdiction over the non-drivers.

Look in a few weeks for I.C.C.'s decision as to whether it has authority

Problem: How to Protect Prices—From Allies



Underwood & Underwood

Underwood & Underwood

INDUSTRY AS A WHOLE is supporting the Administration's efforts to prevent price inflation. Because there is little to worry about in the prospective domestic material price situation, as was pointed out by Board Chairman H. S. Vance of the Studebaker Corp. (right), the Temporary National Economic Committee focused its inquiry on the desirability of action to protect domestic industry from the disturbing effects of the "dictatorial" methods applied by the Allies to the control of commodities.

Both Vance and G. A. Renard (left), secretary of the National Association of Purchasing Agents, were emphatic in their belief that the Administration should take steps to

assure adequate supplies of essential imports at prices which do not act as a lever on our own price levels.

There was also a word of advice that, in handling the preparedness program, this government avoid stampeding prices by bidding against industry for the same materials in larger quantities than necessary. (The Navy bid of a couple of months ago for 20,000 tons of hemp, half a normal year's imports, bulled the price from 5¢ to 20¢. Although the Navy withdrew from the market, the price now is 10¢.) Donald M. Nelson of Sears, Roebuck & Co. (center), told the story of what happened to retailers in the last war and of their dread of price pyramiding.

NEW LIBRARY PROVES ECONOMY OF MODERN STEAM HEATING

Webster Moderator System Gives David A. Howe Public Library Balanced Heating Service

4 YEARS OF HEATING COMFORT

Radiators Are Kept Mildly Warm in Mild Weather, Fully Heated Only in Coldest Weather

"CONTROL-BY-THE-WEATHER"

Wellsville, N. Y.—Steam circulated efficiently and economically by a Webster Moderator System gives the new David A. Howe Public Library the finest modern heating service consistent with low operating cost.

When plans for the new library were being made in 1935, the building committee applied the yardstick of long life and economy to the selection of all equipment. Complete air conditioning was included and the Webster Moderator System of Steam Heating was selected to provide the kind of heating which would operate in coordination with the air conditioning equipment. That the Webster Moderator System was a sound investment has been proved in four years of operation.



David A. Howe Public Library, Wellsville, N. Y.

Ralph Bergerson, the Building Superintendent, says:

"In the David A. Howe Public Library, the reading rooms are always comfortably heated—never stuffy from overheating and never chilly when the temperature drops below zero.

"We are well satisfied with the economy of our modern heating installation."

An Outdoor Thermostat automatically adjusts the basic rate of steam delivery with every change in weather.

M. G. Lippincott, well known heating contractor, of Hornell, N. Y., made the heating installation in the David A. Howe Public Library. There is a total of 4,110 square feet of installed direct radiation.

The L. C. Whitford Co., of Wellsville, was the general contractor. Carl C. Ade, Rochester architect, designed the building.

LOW HEATING COST

GET THIS BOOK... Read the fact stories about economy and comfort in the heating of 144 buildings. No exaggerated claims. No promises. Just 64 pages of heating results. Ask for "Performance Facts."

WARREN WEBSTER & CO., Camden, N. J. Pioneers of the Vacuum System of Steam Heating Representatives in 65 principal U. S. Cities—Est. 1898

to regulate truck drivers employed by bakeries, oil companies, and other private businesses (whose trucks are not operated for-hire). National Council of Private Motor Truck Owners doesn't want I. C. C. regulation—even though it permits a longer work-week.

Fair Traders Wary

EVER wary of moves which might serve as smoke screens for attacks on fair trade laws, druggists and others who love such price-fixing legislation now have their guards up. Reason: The Commerce Department has recruited an interdepartmental committee on interstate trade barriers to study "discriminatory" laws.

On the committee are Corwin Edwards, special assistant to the Attorney General, and Donald Montgomery, AAA Consumers' Counsel, no friends of fair trade laws. But, worst of all, as the fair traders see it, the committee is headed by Paul T. Truitt, for years a Sears, Roebuck official. The fair traders fear these men will declare fair trade laws to be trade barriers, and will tell the Temporary National Economic Committee so.

Department May Be Sorry

CHAIN STORES hope the Truitt committee will take a whack at anti-chain taxes now levied in 20 states, and thus drive another nail in the coffin of the Patman bill to tax interstate chains. Before it's done the Commerce Department may regret its bold advance into this controversial field.

At present the department is compiling a text book to educate state legislatures (nine meet early next year) into pulling down barriers against free trade. The fist in the glove is a recommendation that Congress withhold contributions to states which don't fall in line.

A. & P. vs. R-P Act

GREAT ATLANTIC & PACIFIC TEA Co. is making its last stand before the Supreme Court to retain some millions of dollars in discounts and brokerage of which it has been deprived by the Robinson-Patman Act. A. & P. has asked the court to review a decision of the circuit court in Philadelphia sustaining the Federal Trade Commission's contention that as a matter of law, and without regard to fact, an agent of a buyer may not render services to a seller.

A. & P. said the practical effect of this interpretation is to require it to make all purchases through brokers or to pay sellers' prices which include unearned brokerage. If followed throughout the food industry, consumers will be forced to pay more than \$230,000,000 annually for services not rendered, A. & P. claims.

No Santa Claus for Liquor

THERE'S NO SANTA CLAUS in the liquor industry. The Federal Alcohol Admin-

Anti-Union Weapon?

CHIEF JUSTICE HUGHES' close questioning of A.F.L. Attorney Padway this week on the right of minority unions to strike may lay the groundwork for an attempt to use the Wagner Labor Relations Act as a device to limit unions—particularly if Thurman Arnold manages to uphold his contention that ordinary union activities are illegal when aimed at an illegal object.

Hughes raised the question of the standing of a strike called to force the employer to do an illegal act—in this case, to bargain with a union other than the "exclusive bargaining agency" designated by the N.L.R.B.

If the court should hold that such a strike is not a labor dispute immune from interference under the Norris-LaGuardia Anti-Injunction Act, then the federal courts could achieve through their power of injunction most of the objectives of the restrictive state labor acts like that of Oregon. (BW—Nov 11 '39, p18).

istration doesn't ban references to Christmas in advertising of spirits and wine, but frowns on references to Santa Claus (as it does on the Easter Bunny).

The industry also refrains from the use of religious themes, although there are no official regulations on these subjects. All but nine of the states have, however, followed FAA's shadowy lead by proscribing Santa Claus within their jurisdiction. New Hampshire, Utah, and Oregon have ruled out all references to Christmas. Nine states prohibit special Christmas packaging of liquor.

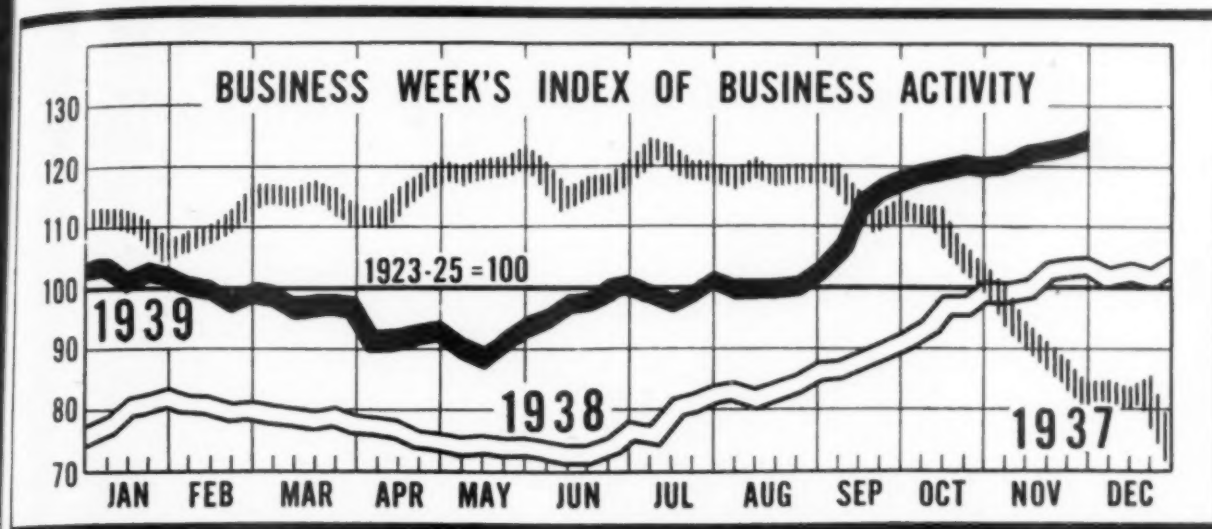
Food and Drug Exemptions

POLITICS HAS SCORED its second major victory over the Food and Drug Administration since passage of the new law. Victory No. 1 was when corn sugar interests persuaded Sec. Wallace to permit use of dextrose in canned foods without declaring its presence on labels. No. 2 has been hung up by carbonated beverage bottlers who objected to the requirement that ingredients be named on labels.

Bottlers let FDA know they would ask Congress to amend the law unless they got administrative relief. Now they have been notified that FDA will set standards which will automatically exempt them from disclosing ingredients.

FDA, meanwhile, has become convinced that the Lea amendment extending labeling requirements to Jan. 1, 1940, carries a joker which actually provides a blanket extension to July 1 for all foods, drugs and cosmetics.

THE FIGURES OF THE WEEK



THE INDEX.....

PRODUCTION.....

	\$Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*Steel Ingot Operations (% of capacity).....	92.8	94.4	92.5	84.2	59.9
*Automobile Production.....	93,638	72,520	82,690	32,445	98,695
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,530	\$4,416	\$5,272	\$5,195	\$4,296
*Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$11,274	\$11,599	\$10,188	\$10,951	\$10,986
*Electric Power Output (million kilowatt-hours).....	2,539	2,482	2,537	2,114	2,286
Crude Oil (daily average, 1,000 bbls.).....	3,289	3,818	3,501	3,559	3,224
Bituminous Coal (daily average, 1,000 tons).....	1,755	1,642	1,738	1,035	1,556

TRADE.....

*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	78	79	83	67	67
*All Other Carloadings (daily average, 1,000 cars).....	46	50	56	37	40
Check Payments (outside N. Y. City, millions).....	\$4,100	\$4,760	\$4,637	\$3,761	\$3,760
Money in Circulation (Wednesday series, millions).....	\$7,462	\$7,434	\$7,352	\$6,968	\$6,788
Department Store Sales (change from same week of preceding year).....	+5%	+2%	+5%	+8%	-4%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	161.0	159.7	163.2	143.5	140.5
Iron and Steel Composite (Steel, ton).....	\$37.26	\$37.42	\$37.62	\$35.59	\$36.36
Scrap Steel Composite (Iron Age, ton).....	\$18.25	\$18.58	\$20.63	\$14.58	\$14.75
Copper (electrolytic, Connecticut Valley, lb.).....	12.500¢	12.500¢	12.500¢	10.000¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.86	\$0.86	\$0.85	\$0.79	\$0.65
Sugar (raw, delivered New York, lb.).....	2.95¢	2.98¢	2.99¢	2.87¢	2.93¢
Cotton (middling 1/8", ten designated markets, lb.).....	9.74¢	9.45¢	8.88¢	9.47¢	8.43¢
Wool Tops (New York, lb.).....	\$1.162	\$1.154	\$1.148	\$0.859	\$0.828
Rubber (ribbed smoked sheets, New York, lb.).....	20.06¢	20.37¢	20.40¢	16.41¢	15.97¢

FINANCE.....

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.66%	5.63%	5.65%	5.65%	5.78%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.338%	2.40%	2.52%	2.10%	2.51%
U. S. Treasury 3-to-5 year Note Yield.....	0.60%	0.60%	0.69%	0.37%	0.68%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1/2-5/8%	%	%-3/4%	1/2-5/8%	%
Business Failures (Dun & Bradstreet, number).....	200	191	221	210	207

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	18,972	18,918	18,556	16,965	16,013
Total Loans and Investments, reporting member banks.....	23,159	23,092	22,728	21,680	21,325
Commercial and Agricultural Loans, reporting member banks.....	4,381	4,388	4,310	3,822	3,666
Securities Loans, reporting member banks.....	1,159	1,117	1,115	1,260	1,284
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	11,121	11,127	10,916	10,292	9,788
Other Securities Held, reporting member banks.....	3,382	3,346	3,291	3,262	3,220
Excess Reserves, all member banks (Wednesday series).....	5,140	5,170	5,380	4,218	3,383
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,605	2,645	2,765	2,573	2,584

STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	119.3	120.9	125.0	111.7	124.0
20 Railroads, Price Index (Standard Statistics).....	31.8	32.7	34.1	28.0	29.6
20 Utilities, Price Index (Standard Statistics).....	68.5	69.3	69.7	67.1	62.6
90 Stocks, Price Index (Standard Statistics).....	97.7	99.0	102.1	91.7	99.3
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	678	1674	1,427	482	866

* Factor in Business Week Index. * Preliminary, week ended December 2nd. † Revised. ‡ Date for "Latest Week" on each series on request.

Your telephone will take you home at holiday time



SPEND the holidays back home or with far-away friends, if you can. That's best of all. *But next best is a telephone chat.*

Miles fade away. You can hear their happy, eager voices and enjoy personal bits of family news as if you were face-to-face. And you'll come back to your own fireside with the warm satisfaction that grows from pleasure *gained and given!*

Remember that rates are lowest after seven every evening and all day Sunday. For rates, look in your local telephone directory or ask the Long Distance operator.



BUSINESS WEEK

December 9, 1939

THE BUSINESS OUTLOOK

Business gets some bearish news and may logically expect more as advance loses momentum. Steel, lumber and anthracite suggest a coming downtrend—but it is already being pretty generally discounted.

FROM NOW TO THE END OF THE YEAR, the business news will have to have a good deal of sifting. There will be items of distinctly bullish intonation, such as these: Paint sales 20% ahead of last October; November dividends \$150,000,000 over 1938; corporate earnings continue to rise. But there will be information of a bearish complexion, too. And it seems probable at this juncture in business affairs that the bearish news will be the more significant and the more dominant. For the good news—the gains in manufacturers' sales, in dividends, in earnings—will be ancient history. They will reflect what has happened in the first ten or eleven months of 1939, or what occurred immediately following the outbreak of war. But they will not indicate what is happening *au courant*; they will not suggest the trend immediately ahead.

A Hint from Steel

Steel (among other indicators) this week provided a foretaste of things to come. Production dropped 1.6 points from 94.4% of capacity to 92.8%. There was the customary explanation of a decline from a high rate. After running at a breakneck speed around seven-eighths of capacity for more than two months, furnaces had to be relined or equipment had to be repaired. But, explanation or no explanation, the fact is that ingot production did drop; that mills no longer responded to a press of business; that steel men felt justified in taking time out for repairs—undoubtedly because orders have been falling off, because production has been outstripping consumption, because there has been no urgent need to keep up the high rate of output.

Lumber Orders Off

Lumber is going through a kindred experience. Orders spurted sharply immediately after the war started, but now incoming business has fallen behind both production and shipments. Indeed, production is now pitched a third higher than new orders. In anthracite, too, (page 14) there has been an accumulation of stocks, and this week mines curtailed output. Clearly, all of these items are of a piece. They're bearish; they re-

flect current conditions; they indicate that business is now catching its breath after the September-November spurt.

Another Bearish Aspect

And, just to complete the bearish picture, the farm outlook is chastening. Hog prices have dropped to a five-year low (*BW—Dec 2 '39, p.13*) and cattle prices also are weak. Further, as pointed out in *BUSINESS WEEK's* regional business dispatches (*Nov 25 '39, p.14*), the drought in the winter wheat belt is serious. Thus, though national purchasing power is destined to climb as a natural corollary of the rise in employment in industrial areas, the distribution of that increase in purchasing power is not as widespread or

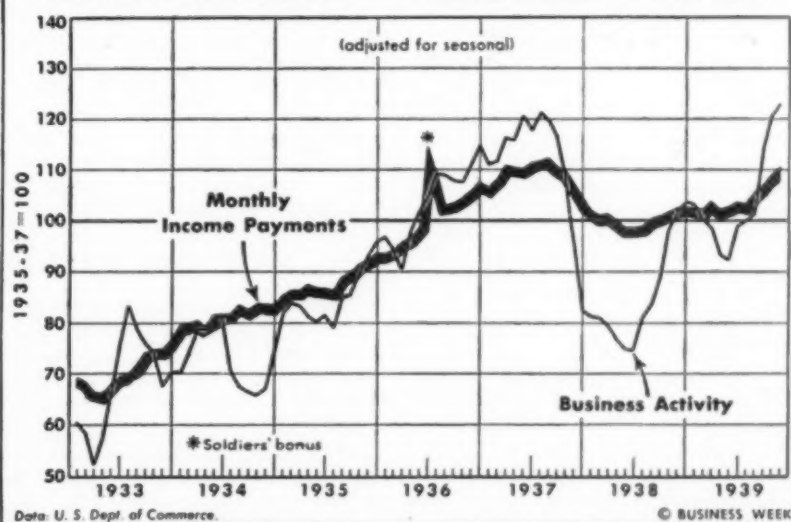
as even as it might be. (But the recent rise in wheat—there's been dollar wheat in Chicago—has been a windfall to those farmers who still had grain in their bins.)

There probably will be more of these bearish indications over the next few months. The business indexes, which this week were boosted by an unusual gain in electric power output, will probably start to go down. For the momentum of the recovery has definitely been checked. And the important point, right now, is not to lose perspective when the tone of the news clearly changes—not to become unduly optimistic. A decline has been pretty much in the cards—after the rise business has had. As has been said here so often, it's simply a matter of time.

The Obverse of 1938

And it's rather interesting to compare the widespread expectations of a decline at this time with early 1938. Then, every business man and every business forecaster was predicting a rally in business

IN THE OUTLOOK — CONSUMER INCOME



Backbone of business at all times is consumer income—that's pretty obvious. If goods produced don't go into final consumption, the consequence is an inventory glut, followed by decreasing production, employment, and payrolls. Prominent characteristic of consumer income is its comparative stability. It doesn't

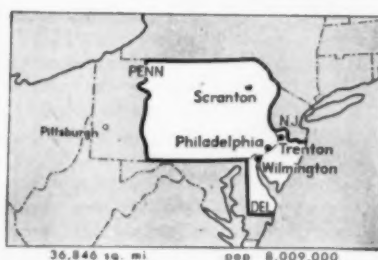
dance up and down, like the thin line in the chart. When production turns down (as in 1937, say), consumer income tends to lag behind on the decline. It's a stabilizing influence—and this characteristic, if the expected downturn comes over the next two months, will assume growing importance in the outlook.

this month or the next month as a reaction from the crash in the autumn of 1937. When the recovery didn't start in March, it was expected in April and so on until finally it came along about July. So it is again. Only this time, the prognosticators are predicting a decline and are waiting for it to come. Possibly—if it

doesn't show positive signs of developing along about January—we'll begin seeing such expressions as the "overdue decline," just as in the spring of 1938 it was common to talk of the "overdue recovery." In any case, if the slump doesn't arrive soon, it would be unwise to assume it will not come at all. A rise, or a de-

cline, doesn't always arrive punctually. Incidentally, the rally in the stock market this mid-week is one of those economic surprises that bear watching. The market has refused to countenance the recovery very far; now maybe—as was suggested in this department last week—it will disdain the decline.

The Regional Business Outlook



PHILADELPHIA—New orders for the district's manufactured products have declined lately, but steel seems to be an exception to the trend.

Johnstown and other towns on the western edge of this Reserve district felt the upsurge first, followed swiftly by the eastern mills at Bethlehem, Steelton, and this city. In less than two months, output has doubled, rising from 45% to 90% of capacity.

In both the Allentown-Bethlehem and Scranton-Wilkes-Barre industrial areas, payrolls are being sustained by the increasing use of rayon in men's and women's clothing. But, except for hosiery, textile activity generally does not approach the 1936 and early 1937 levels.

The heavy industries continue as the mainstay of the recovery. Shipbuilders and producers of automobile equipment and electrical apparatus are eating into the labor reserve. Freight car output is more than double last year's, but domestic demand for steam locomotives has not revived correspondingly.

Baldwin Expands

To strengthen its position in the diesel-electric field, the Baldwin Locomotive Works of this city has appropriated \$2,000,000 to expand facilities. Plans call for the construction of diesel-electric switching engines for stock—a radical departure in policy—and for a study of the possible use of diesel-electric engines in passenger service.

The anthracite area is in the middle of a painful readjustment. Operations were pitched too high by war expectations, and a huge surplus accumulated. This week mines announced reduced working schedules.



CHICAGO—Once again the industrial resources of this ramified area come close to being fully utilized. The end of the Chrysler strike sent some 50,000 men back to work in company factories, and another 50,000 to the plants of parts manufacturers. Steel mills continue to run along at 95% of capacity, which amounts to 100% in the eyes of some steel men, because the other 5% is "junk."

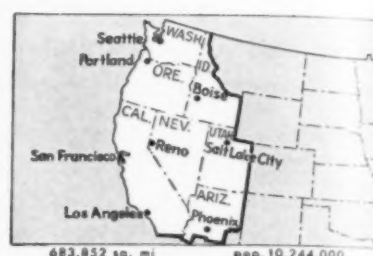
Furniture, Farm Implements

Always a big event out here, the November furniture market is a harbinger of manufacturing to come. A record attendance produced a record volume of bookings for plants in Grand Rapids, Mich., and Rockford, Ill., and elsewhere. Farm implement makers, too, look forward to busy days ahead. Their new low-priced lines met with a ready reception after the rise in farm prices in September. Backlogs assure fairly steady payrolls through early spring, both here and in Milwaukee.

Merchants are now feeling the effects of high industrial activity. Sales have started to spurt, in anticipation of Christmas, which, of course, is partly seasonal. Increased working hours and payrolls have produced a demand for so-called luxury lines—furniture, clothing, automobiles—rather than for groceries.

In Detroit, of course, there's been a ready pickup, following last week's settlement of the 54-day Chrysler strike.

In Iowa and other farm areas, optimism does not run too high. The \$5 hog, and its consequent low return to livestock producers, is back—after the spurt to \$8.50 a hundredweight. Cattle quotations are also soft.



SAN FRANCISCO—Recent developments may drop the Pacific Northwest from its leading position in the recovery here. So far this year, Portland, Spokane, and Seattle have outdistanced the district in retail trade gains. But now the trends in lumber production and crop marketings, formerly so favorable, threaten to go into reverse.

The apple crop is an immediate problem. European purchases are curtailed by the war, competition from near-record supplies of other fruits is strong, and the country's apple harvest is larger than a year ago. With the district's output small, cash receipts from the fruit, particularly in Washington, will be cut at both ends—in price as well as quantity.

The lumber situation isn't too promising either. Demand has slumped below production (BW—Nov 11 '39, p14), and although backlogs are fairly large, payrolls are bound to contract soon unless bookings increase. In the paper and pulp industry, however, current orders assure capacity operations for months to come.

Livestock Dilemma

Throughout the district, and particularly in California and Nevada, subnormal rainfall has put livestock men in a quandary. Either they must slaughter animals in the off-season, not fully fattened, or they must incur increased expenses by moving to other ranges or buying feed.

Again business men are uneasy over the outbreak of labor troubles, but department store executives are figuring on good Christmas sales. Steel, metal-working, copper, and aviation plants are working at high levels, and the new citrus crop is moving in good volume at better prices than in 1938.

The Regional Outlook surveys each week three of the twelve business areas of the country.

New Acts Don't Void Trust Law

Supreme Court, in Chicago milk case, holds Sherman principle is not repealed by statutes permitting combinations; ruling doesn't bar union prosecution.

"THE SHERMAN ACT is a broad enactment prohibiting unreasonable restraints upon interstate commerce, and monopolization or attempts to monopolize. . . . The Agricultural Act is a limited statute with specific reference to particular transactions." And, "it is a cardinal principle of construction that repeals by implication are not favored. When there are two

acts upon the same subject, the rule is to give effect to both if possible."

With these and 13 pages more of last words, the United States Supreme Court shot the famous Chicago "milk monopoly" case (*BW—Nov5'38,p38; May27'39, p25; Jun10'39,p28*) back to Illinois for retrial this week. The government will seek new monopoly indictments (prob-

ably after the Christmas holidays) against "Borden *et al.*", which means Borden and other producers in the Chicago area, the Association of Milk Dealers, Inc., the Pure Milk Association, the Chicago Board of Health, the Milk Dealers Bottle Exchange, and the Milk Wagon Drivers Union (A.F.L.).

Defendants were charged with conspiracy to fix illegally the price paid farmers for milk, and the price of the bottled product to consumers. The labor union was charged with intimidating milk distributors who didn't conform to the fixed rates. The board of health was charged with unfair methods in certifying farms eligible to ship into Chicago.

When the case went before the district court of Illinois, the cooperatives argued that they could not be regarded as com-

They Helped to Start a New Year for Industry



W. L. Batt

Charles R. Hook

C. M. Chester

R. W. Moore

A. W. Haukes

Lamont du Pont

FOR MANY a business man there starts, as this issue of BUSINESS WEEK goes to press, a new year in the campaign for a better public understanding of the American way of living under a private enterprise economy. Its start is signalized by the presentation of the 1940 Platform of American Industry at the weekend culmination of the Congress of American Industry held at the Waldorf-Astoria Hotel in New York under the sponsorship of the National Association of Manufacturers. Its significance is underlined by Europe's willing or enforced retreat to other ways of living as industry here adopts this statement of its aims, its position on current economic and political issues, its concept of social responsibility.

The platform, presented to the Congress by Charles E. Speaks of Fisk Rubber Corp., chairman of the N.A.M. Resolutions Committee, was drafted by the organization's Coordinating Committee, headed by Donaldson Brown of Gen-

eral Motors, on the basis of the year's studies and recommendations by more than 800 industrial leaders who comprise N.A.M.'s 23 standing committees. Its adoption was a high point of a three-day period of business conferences and of addresses by outstanding authorities on American business and social problems.

Purpose of the meeting, as summarized for members by J. Howard Pew of Sun Oil, chairman of the Program Committee, was to "discuss private enterprise as it affects you in every phase—from the inherent features of individual initiative, civil liberties, and representative government, right through to your own employment problems, the outlook for the future of private enterprise and your responsibility as a part of the American system."

Final feature of the program was the record banquet at the Waldorf (long ago sold out) at which industrialists from all over the nation were scheduled to hear Sen. Burton K. Wheeler of Montana on

"A Liberal Looks at Private Enterprise" and Wendell L. Willkie, president of Commonwealth & Southern Corp., and leading proponent of private enterprise, on "The Pledge of Private Enterprise to the America of Tomorrow." Other important program events were luncheons addressed by N.A.M.'s 1940 president H. W. Prentiss, Jr., of Armstrong Cork Co., Ernest T. Weir of National Steel Corp., and Sen. Millard E. Tydings of Maryland. Congress sessions devoted to study of the accomplishments, opportunities, and requirements of private enterprise, the business outlook, and the outlook for sound public relations brought to the platform a long list of industry leaders (some are pictured here) and such speakers from special fields as Walter Lippmann, Dr. Will Durant, Gen. Hugh S. Johnson, and Mrs. Carrie Chapman Catt. Aim and result was a far-reaching public relations job for industry on which BUSINESS WEEK will report in its Dec. 16 issue.

W. B. Warner

W. B. Weisenburger

C. S. Davis

E. T. Weir

J. Howard Pew

S. Clay Williams



Photos by Wide World, Keystone, Newsphotos, Harris & Ewing, Newsphotos, International, Business Week

binations in restraint of trade, because their organization was sanctioned by the Agricultural Marketing Agreements Act and the Capper-Volstead Act.

They also declared that the Agricultural Act made the Secretary of Agriculture head man in regulating farm marketing, and that the Department of Justice had no business interfering. These contentions were upheld by Judge Woodward of the lower court and, in view of his previous antagonistic attitude toward the Agricultural Adjustment Administration, observers thought the decision a pretty good joke on Sec. Wallace.

This week the joke backfired, however, and from here on in the Department of Justice is expected to go ahead full steam with investigations of alleged illegal combinations in the marketing of farm products. The antitrust division under Thurman Arnold already has a Congressional demand to look into milk-marketing conditions in other cities.

Issue Wasn't Up for Decision

Although a direct statement from the Supreme Court on the position of labor unions under the Sherman Act was anticipated in the Chicago milk ruling, it did not come. The court said, briefly, that the district court did not construe the Sherman Act as inapplicable to the union, and the government did not raise the issue in its appeal. Consequently this question, vitally important to Arnold's drive on union rackets in the construction industry, was not up for decision.

Nevertheless, the feeling in Washington this week was that the court's phraseology on the rest of the milk case problems could be carried over to the labor question. This apparent new trend of Supreme Court policy takes on pointed significance when considered in conjunction with Arnold's evident determination to drive ahead against all kinds of illegal combinations and with Attorney General Murphy's rejection of William Green's claim of immunity for the labor unions.

The A.F.L. attorneys have argued fiercely that they couldn't be reached under the anti-trust laws, but they haven't won a point to date and have dropped two tough decisions lately. Last week, in a separate action involving the picketing of 500 cut-rate milk stores, the circuit court in Chicago held that the milk drivers' union violated the antitrust laws; this week Arnold got indictments of Detroit labor unions in his building drive.

The guilt or innocence of the Chicago milk case defendants was not decided in this week's Supreme Court ruling; that rests with the lower courts again. What was pretty definitely decided was that laws permitting the formation of business combinations, such as the farm marketing co-ops, do not automatically remove the joiners from the restrictions of the antitrust laws. The warning against "repeals by implication" is the heart of the Supreme Court's unanimous decision.

The La Follette Committee Digs In



Flanked by their attorneys, George W. Mordecai (with envelope), Madera County District Attorney, and Ray Andress and Niels Overgaard (right), treasurer and secretary of the Madera Branch of Associated

Farmers, were ordered to quit holding out records of the recent strike of cotton workers, as the La Follette Civil Liberties Committee got under way its investigation of West Coast employer groups.

What Russia Is Reaching For

Rich Finnish economic prizes, including new International Nickel mine, are only part of price Hitler paid Stalin. U.S.S.R. bids for dominance in northern Europe.

WHILE RUSSIAN AIRMEN were bombing Finland's prosperous Baltic cities last week, another war drama was being enacted 600 miles to the north. Seventeen British, Canadian, and American mining engineers were fleeing into Norway as Soviet troops attacked Finland's Arctic port of Petsamo (No. 1 on map, page 17). They left behind them an investment of more than \$7,000,000 in a nickel mine which by 1940 was to be the greatest in the world outside of Canada.

Few people except mining engineers know much about the International Nickel Co.'s new mine 50 miles south of Petsamo, and almost on the Soviet border. The concession was leased from the Finnish government six years ago. International Nickel, in its last annual report, admitted that expenditures in 1939 would run to \$4,300,000, part of which was being used to build a smelting plant, and part to secure electric power so that coal need not be hauled from England or Spitzbergen.

The report added ironically: "Barring unforeseen emergencies this mine and smelter, and the hydro-electric power station, will come into production by the autumn of 1940."

An earlier report anticipated that output of the remote Petsamo mine would amount to 1,000,000 lbs. of nickel and 500,000 lbs. of copper a month. International Nickel authorities expected vessels to call at the ice-free port regularly to

pick up ore which had been hauled by truck over newly-built roads from the smelter to the dockside storehouses. Final refining was to be done at the great refineries at Christiansund, Norway, or at Clydach, Wales.

Since Moscow inaugurated its new imperialistic policy with the occupation of a part of Poland on Sept. 17, the Russians have steadily enlarged their hold on former Russian territory around the Baltic. The hurried evacuation of thousands of Germans from Lithuania, Latvia, and Estonia indicates that both Hitler and these "Baltic barons" expect the Soviet hold to extend immediately far beyond the development of air and naval bases which will give Russia control of the Baltic access to Leningrad.

For Defense—and Offense

Finland also was a dependency of Russia from 1809 to 1919, but the Petsamo district was not ceded to the Finns until 1920. Control of the southern coast of Finland provides double protection for Leningrad.

But control of all Finland will make Russia master of the north, as well as the eastern Baltic, put Stalin solidly in a position to blackmail Germany for more concessions in return for freedom to ship necessary Swedish ores from Lulea to German Baltic, and—most important—will give Russia a new protective flank along its vulnerable lifeline to Murm-

Business
ansk an
Amer
that the
well as
Finnish
the th
gains
acqui
In F
copper
smelted
probab
world.
country
dustrie
now al
No n
nickel.
neighb
tral As
ment h
Russ
still fa
chases
the las
produc
to cop
supply
Krem
The
Russia
clear v
for St
they s
is less
Mosco
aid St
the K
Germa
has be
Soviet
Allied
what
pathy
break
and
world
than
contro
Wh
fear
ultim
Russi
in 19
count
states
early
these
again
Why
Ru
porta
north
sea.
up in
causa
aroun
ing t
for
Engl
befo

ansk and the world's ocean trade routes. American observers in Moscow believe that the Soviets have definite economic as well as strategic objectives behind their Finnish policy (in the case of Poland and the three Baltic states, Russia's main gains are strategic except for the oil wells acquired in southeastern Poland).

In Finland, there is Europe's richest copper mine—at Outokumpu. The ore is smelted in electric furnaces which are probably the largest of their type in the world. In addition to this, and the little country's lumber, paper, and textile industries, is the Petsamo nickel deposit, now almost ready to be exploited.

No modern war can be fought without nickel. Russia has deposits both in the neighboring Murmansk region and in central Asia, but they are small and development has been slow.

Russia also has copper, but production still falls far short of demand. Huge purchases have been made in New York in the last three months. Finland's annual production of 12,000 tons (sold largely to copperless Germany) is a tempting supply.

Kremlin Still Fears Nazis

The invasion of Finland, climaxing Russia's drive all along the Baltic, makes clear what an enormous price Hitler paid for Stalin's aid in the strange bargain they struck on Aug. 21. What Hitler gets is less clear. Observers in both Berlin and Moscow are skeptical over the material aid Stalin will grant the Nazis. Possibly the Kremlin intends to share with the Germans the strategic materials which it has been acquiring. It is most likely that Soviet officials are worried, in view of the Allied efforts to blockade Germany, over what will happen to them if present antipathy to Moscow grows into an outright break in diplomatic relations with Paris and London. More than 90% of the world's nickel comes from Canada, more than 95% is under British or French control.

What observers believe the Kremlin fears even more is that Germany will ultimately turn against the Soviet. The Russians can't forget that German forces in 1919 helped to set up the little Baltic countries and Finland as independent states. More importantly, they recall that early Nazi plans called for a move into these little states as a first offensive against the Communists.

Why North Is Valued

Russians attach a little understood importance to Leningrad and the vast area north of it to Murmansk on the Arctic sea. While the port of Leningrad freezes up in winter, Murmansk is ice free because of the Gulf Stream which swings around the northern tip of Norway. During the World War it was the main artery for military supplies being sent from England and France to Russia, though before 1914 it had fewer than 10,000 in-

STALIN'S "DRANG NACH WESTEN"

Russian imperialism pushes west, from the Arctic to the Dardanelles

1. International Nickel Co. invested \$7,000,000 here in great new nickel mine, largest outside Canada. Managers fled to Norway when Russians landed at Petsamo.

2. Here Finnish government operates Europe's largest copper mine (Outokumpu), refines the ore in largest electric smelter (British built) of its type in world. Byproducts: sulphur (for paper industry), iron ore, and small quantities of silver, gold, and cobalt.

3. Here Sweden's richest iron mines. Biggest customer is Germany, which calls at Lulea in its own boats to collect the ore. Sweden produces twice as much iron ore as Great Britain, nearly four times as much as Germany.

4. Moscow's first demands on Finland were for military and naval bases at these points.

5. Estonia yielded promptly to Soviet demands for concessions along the coast and on offshore islands (from which Russia reputedly bombed Helsinki).

6. Latvia granted the Russians concessions at Riga, Libau, and Windau.

7. Germany snatched Memel from Lithuania last spring, turned it into a military and naval outpost.

8. Russian spoils in Poland gave Moscow control over a large Ukrainian minority, and the Poles' most productive oil wells.

9. Poland's greatest industries, and its important lead, zinc, iron, and coal mines went to the Germans.

10. Coveted by the Nazis are Rumania's vast oil fields, large enough—if fully exploited—to supply Germany's peace-time shortage of oil.

11. Bessarabia—last important European territory snatched from Russia after the World War and not yet regained or sought openly. The Kremlin may go after it next.



Stop Red Plane Sales

SINCE PRESIDENT ROOSEVELT "hoped" on Saturday that "such unprovoked bombing (of Helsinki by the Soviets) shall not be given material encouragement," American sales of airplanes to Russia will now slide off to nothing, as sales of planes to Japan dived when Secretary of State Hull declared a moral embargo on the Nipponese last year because of their air raids in China.

American shipments of planes, parts, and engines to Russia totaled \$1,066,887.78 in the first 10 months of 1939—an appreciable sum but insignificant compared to the 10-months' shipments to France (\$17,982,844.00) and Great Britain (\$26,550,919.00). Three Latin American countries, Argentina, Brazil, and Mexico, bought as much as or more than the Russians did in the same period.

habitants. Later the German and Finnish forces took the region from the Bolsheviks but they were driven out by Allied forces in the late spring of 1918.

Today, the world's greatest apatite ore mines are worked in the region not more than 150 miles from Petsamo. Ore is smelted at the rate of 1,000,000 tons a year in a vast refining plant designed and built by American engineers.

Iron, Copper, Nickel Deposits

Iron ore has also been discovered and, though the deposits are small compared with others in the Soviet Union, they are important to Russia because they are large enough when fully developed to supply the big steel industry at Leningrad. Without them, it would be necessary to haul iron by rail from the Ukraine or the Urals.

Five years ago, Russian geologists discovered copper and nickel deposits only a short distance south of Murmansk. They are a part of the same general ore bed now being developed 100 miles away across the Finnish border, but they are inferior in both quality and quantity. Nevertheless they are being worked intensively and since 1934, a city (Monchegorsk) of 20,000 has grown up near the mines.

New hydroelectric stations have a capacity of 300,000 kw.hr. and, besides supplying the mines and refineries, provide power for the railroad which has been electrified for 185 miles south of Murmansk. (It was over this line that the crews of German vessels—Bremen, New York, and others—which are refueling in Murmansk harbor were carried to Leningrad on their way back to the Reich. Here also the American ship, City of Flint, was held for a time.)

It was from Murmansk that Russians last week directed the attack on Finland's northern frontier. Radios in the homes of Murmansk's 130,000 inhabitants carried the news belatedly, but there were no newsreels in the town's big movie house, and little information in the press. Trains arriving from Leningrad carried soldiers and military supplies. The last boats to make the long trip through the six-year-old Baltic-White Sea Canal were already tied up for the winter.

German Influence Cited

Early in 1937, in a report on the strategic value of the Kola peninsula, "Gibraltar of the Western Arctic," an authority on Russia declared:

"An attack on the Kola Peninsula would not necessarily be confined to naval engagements. The Murmansk railway skirts the Finnish frontier for over 500 miles. Thus, if bases were established in Finland and Norway the peninsula could be attacked from at least two sides by using land, as well as sea and air forces.

"In the last few years German influence in Finland has been considerable and it might conceivably become dominant. A Finnish fascist movement exists which advocates a 'Fascist Greater Finland' to include Karelia and the Kola Peninsula. It is further commonly reported that in the summer of 1937 the former German Minister of War, General von Blomberg, with a hundred military and naval men, spent a month on the northern coast of Norway; that German warships pay frequent visits to the Norwegian coast; that mysterious unidentified planes have been heard flying over northern Scandinavia.

"Reports are current that Germany and Italy are attempting to establish a fishing station on a Finnish island off the Arctic coast, strategically located for conversion into a naval base. Whether these reports are true or not, they at least indicate the growing attention that is being paid to the Kola Peninsula and the reasons why this region may yet be in the forefront of international affairs in northern Europe."

Turning Point in Foreign Policy

Russia has definitely shifted away from Litvinov's eight-year effort for collective security through collaboration with the League of Nations and the Western democracies. Most observers believe that Moscow intends to play a lone role, and that this accounts for the attack on Finland. Russian generals have apparently demanded a new western frontier less vulnerable to attack. It is characteristic of this war that the move also involves control over important supplies of strategic metals.

American interests—beyond the investors in International Nickel—will suffer. Of nearly \$100,000,000 borrowed in the

United States by Finland since the war—in addition to the much-publicized \$9,000,000 war loan—all but about \$19,000,000 has been redeemed and Finnish authorities insist that more than half this amount has been repatriated to Finland. On its war debt, Finland has never once failed to make annual payments some of which amounted to as much as \$390,000 a year. Next due date is Dec. 15.

Outside these outstanding obligations, and the \$7,000,000 invested in nickel, the United States' economic interest in Finland is in its purchases of American goods. Last year these amounted to more than \$19,250,000.

Inventory Checkup

Commerce Department seeking data on sales and stocks in a sampling of industry as a whole.

WASHINGTON (Business Week Bureau)—The Commerce Department this week started combing a score of basic industries for information on sales and inventories as part of the Administration's effort to avert runaway price movements.

At the same time, the Temporary National Economic Committee, having found nothing much to cavil about in the domestic situation, focused attention on the possible disturbing effects of the buying policies of foreign governments.

The first questionnaire sent out to several hundred concerns—small, medium, and large—selected as a sample of all manufacturing calls for net sales for November, new orders received (less cancellations) during the month, unfilled orders at the end of the month and the inventory value at the end of the month of raw materials, goods in process, finished goods, and supplies (fuel, shop, etc.).

Aims at Monthly Reporting

Comparative data are requested for June and October, 1939, and November, 1938. In reporting their inventories the firms are asked to state whether they use cost value, market value, or "cost or market, whichever is lower."

The size of the sample has been held to a minimum in order that returns, due Dec. 20, may be speedily interpreted and the results made known without delay. The Commerce Department officials hope for sufficient cooperation to put such reporting on a regular monthly basis. They hope particularly to get information on sales and inventories from the durable goods industries. Such data are now difficult to obtain because of the varied and extensive character of the products. Fluctuations in the industrial group contribute most of the cyclical nature of business in general, the department remarked. In a letter to the firms queried, Under-Secretary Edward J. Noble wrote:

"Recent consultations with our Busi-

MORE "BRASS TACKS" CONCERNING COMPTOMETER ECONOMY



To thousands of large and small concerns in every industrial and business field, "Comptometer economy" is *more* than a phrase. It is a *direct way to substantial savings in the handling of vital figure work!*

Getting down to brass tacks, here are statements from five concerns in five different fields, whose use of Comptometer methods ranges from 10 to 26 years. We believe they are *food for executive thought!*

MICHIGAN HARDWARE CO., Grand Rapids, Mich., has used Comptometers for 15 years. "We handle *all* our figure work on 4 Comptometers, with an estimated savings of \$3000 annually. We get a remarkable percentage of first-time accuracy."

BEAVER LUMBER CO., LTD., Winnipeg, Man., has used Comptometers for 25 years. "Our three Comptometers completely fulfil our requirements . . . save us money through remarkable speed and Controlled-Key accuracy."

HOUSTON OIL FIELD MATERIAL CO., Houston, Texas, has used Comptometers for 10 years. "Comptometers have saved us *many thousands of dollars* in time, and by elimination of error, in billing, costs, inventory, analyses and bank statement work."

GEO. J. GLOVER CO., INC., Contractors, New Orleans, La., has used Comptometers for 26 years. "We don't know what we'd do without our 3 Comptometers. . . . Controlled-Key and other exclusive accuracy safeguards are indispensable, save much time and money."

VANCOUVER TRUNK & BAG, LTD., Vancouver, B. C., has used Comptometers for 14 years. "Our single Comptometer, and the Comptometer Peg-Board plan, save us about \$350 a year, and we have never required any other machine . . . extremely flexible and adaptable, fast and accurate."

Outmoded figure-work methods may represent the difference between profit and loss. What about *your* firm's "set-up"? For an intelligent demonstration of "Comptometer economy" (in your office), call your local Comptometer office . . . or write direct to Felt & Tarrant Mfg. Co., 1733 N. Paulina St., Chicago, Ill.

COMPTOMETER

Reg. U. S. Pat. Off.



Electric Model K Comptometer

up

ent seek-
cks in a
a whole.

Bureau)—
this week
asic indus-
and inven-
ation's ef-
ovements.
emporary
e, having
out in the
ention on
f the buy-
ents.

ut to sev-
medium,
le of all
s for No-
ss cancel-
led orders
he inven-
month of
, finished
etc.).

g

ested for
ovember,
ories the
they use
"cost or

m held to
rns, due
erpreted
hout de-
officials
to put
monthly
o get in-
ies from
ch data
e of the
of the
ustrial
ical na-
depart-
he firms
ard J.

r Busi-

Clients served:

Liggett & Myers Tobacco Co.
Western Electric Company
Loose-Wiles Biscuit Co.
Association of American Soap and Glycerine Producers, Inc.
Group IV, Savings Banks Association of the State of New York
Bank of the Manhattan Company
Bigelow-Sanford Carpet Co.
American Telephone & Telegraph Co.
The Equitable Life Assurance Society of the U. S.
Copper & Brass Research Assn.
Trans-Atlantic Passenger Conference
White Rock Mineral Springs Co.
I. C. Smith & Corona Typewriters Inc.
The Texas Company
Beech-Nut Packing Company
Hartford Fire Insurance Company
Hartford Accident and Indemnity Co.
United Brewers Industrial Foundation
Holmes & Edwards Division
International Silver Company
Thos. Cook & Son—Wagon-Lits, Inc.
General Electric Company
Pepsi-Cola Company

**Newell-Emmett
COMPANY**

Advertising Counsel

40 EAST 34th ST., NEW YORK

TIRED?

Has your day's work left you all gone? To prevent those let-downs, increase your *endurance*. There's a new, amazingly simple way to do it; and it works for most people—both men and women.

First, *build up* your endurance by taking 4 envelopes of Knox Gelatine *daily* for 2 weeks. Then, take 2 envelopes *daily* for 2 more weeks. After that, take whenever you feel a slump. The astonishing results produced by Knox Gelatine in building endurance have been proved in 3 colleges and hundreds of controlled test-cases. Be sure to get Knox Gelatine, the pure plain gelatine in the familiar package. It is the only gelatine which has actually proved this endurance-building property. For sale at all grocers. Write for Bulletin E, with full directions on how to take. Knox Gelatine Co., Johnstown, N. Y. Dept. 32.

ness Advisory Council and other leading industrialists and merchants, with whom this Department has been in touch, have disclosed a great need for more real information about the current business situation.

"These business men seem to be in almost complete agreement that the making of sound business judgments, as well as sound governmental policies, would greatly be aided if we could all know more than we do now about the current state of such things as sales, unfilled orders, inventories, etc., throughout industry as a whole. . . .

"We realize that you and other busi-

ness men are already meeting many requests from governmental agencies for information of various kinds. We have hesitated to burden you with another one. But the insistence of business itself that such information is needed has decided us to make the effort to gather it."

Answers to questionnaires will be strictly confidential and the data will be used by the Commerce Department only in consolidated form to indicate trends. The figures of the reporting companies will be merged into totals for industry as a whole and subtotals for important divisions of industry where the sample is large enough to make these reliable.

Auto Production Takes a Jump

Sales executives minimize Chrysler strike as a factor in high demand for other cars. Industry's vigor reflected in November truck registrations.

WITH CHRYSLER back in the picture after the strike settlement, automotive production took a big jump this week—way past the 100,000 mark, and ahead of the same week last year by a comfortable margin.

This fall's automobile market has surprised even the more optimistic sales executives. Registrations of new vehicles since show time hardly tell the story, since there is a distinct shortage of new cars of almost all important makes.

Ford, who got the production jump on Chevrolet this year, went ahead in retail deliveries during October. Chevrolet—despite the biggest fall production schedule in its history—found unfilled orders still increasing as November ended.

Sales executives hold that little of the high demand for other cars has been due to Chrysler's being out of production. They point out that, on popular makes, three to four weeks is still the normal delivery-promise.

Evidence of the automobile industry's present vigor is seen in truck registrations. November registrations in the light field were probably almost double those of last year.

The so-called popular-priced group of cars—just above the lowest bracket, and including the Ford Mercury, Pontiac six, and Olds six—is continuing to draw heavy favor. However, indications are that somewhat more of this group's busi-



The 54-day dispute between the Chrysler Corp. and the United Automobile Workers (C.I.O.) was finally ended in Detroit last week with an agreement which increases the workers' wage scale 3¢ an hour (adding \$5,000,000 to the payroll) but makes no provision for a union shop or va-

cations with pay. K. T. Keller, president, Chrysler Corp.; Arthur E. Rabb, State Labor Mediation Board; James F. Dewey, Federal Labor Dept.; Philip Murray, vice-president, and R. J. Thomas, president of the (C.I.O.) United Auto Workers are here ratifying the agreement.

ing many re-
gencies for in-
We have hes-
another one.
ess itself that
as decided us
it."
res will be
data will be
partment only
icate trends.
g companies
r industry as
portant divi-
e sample is
reliable.

mp

ke as a
s vigor

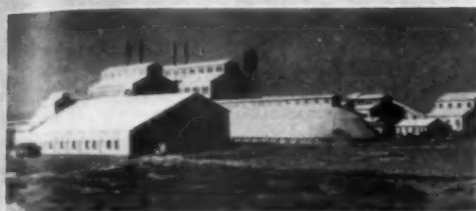
little of the
as been due
production.
alar makes,
the normal

industry's
k registra-
in the 14-
ost double

l group of
acket, and
ontiac six,
to draw
ations are
up's busi-



international
r, presi-
hur E.
Board;
Labor
sident,
of the
ers are



America need not fear another "potash famine." Mines and plants like these, near Carlsbad, N. M., now produce hundreds of thousands of tons of Potash annually.



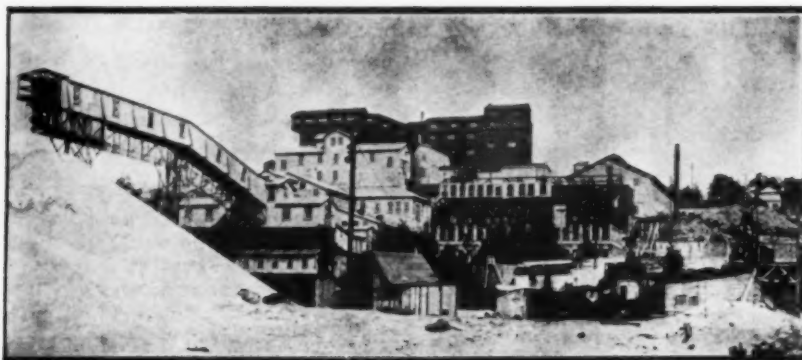
POTASH

Plenty in American Mines and Brines

The earliest colonists on the Atlantic seaboard set up tiny plants for leaching wood ashes. They boiled down the lye in open kettles. The residue was a white solid, used in making soap. They called that residue "potash," because it was made in pots, from ashes ● Today potash enters into our daily lives in a hundred ways. The term is now applied to cover most of the compounds of potassium—a soft, light, silver-white metal of the alkali metal group. Immense quantities of potassium compounds, or potash, are used in the preparation of fertilizers. Potash, too, enters into the varied products of a score of industries, from soap and matches and medicines, to photographic supplies, textiles, explosives and glass ● Commercial production of potash in America from wood ashes declined with the clearing of the land. Before our Civil War, potash salts had been found in German mines and brine wells, and that country became chief source of a chemical vital to modern agriculture and industry ● The World War brought us a "potash famine," stimulated intensive search for adequate domestic supplies. Discovery and development of enormous potash deposits in the earth near Carlsbad, New Mexico, followed, supplemented by increasing production from the desert brine of Searles Lake.

- Over 50% of all American potash comes from the great mines near Carlsbad, New Mexico. Every ton produced there—thousands of carloads annually—travels long distances via Santa Fe rails ● Long privileged to assist in solving its transportation problems, the Santa Fe pays high tribute to the courage and vision of all those, including the American Potash Institute, who have helped to develop this vital American industry.





New Jersey's iron mines, in their heyday in the Revolutionary War, are flourishing again. This one, the Scrub Oak Mine, now employs 475 men.

ness is at the expense of higher- rather than lower-priced cars.

It is this group of cars which has shown the biggest sales increase over 1938. November deliveries of Ford Mercury cars were more than double those of the preceding November, whereas Lincoln Zephyr was running 18% ahead, and Ford cars and trucks are up roughly 50%. Domestic and Canadian Ford production was boosted this week from 4,800 to 5,000 units per day.

Tries to Pass Quarter Million

Chevrolet, which fell slightly behind its production objective for November, is endeavoring to step up December output sufficiently to bring the last quarter total above the quarter million mark. Its unfilled orders alone are now sufficient to take almost a month's production.

Hudson is experiencing the best demand for its cars in 10 years. The company has added some 460 dealers since announcing its new models, the factory reports.

Buick, with unfilled orders still double those at the same time last year, pushed retail deliveries up slightly better than 40% over November of last year. The company had the best October in its history with deliveries of close to 27,000 cars.

Willys-Overland at mid-November had reached a production rate of 275 cars daily, with expectations that the 300 mark would be passed around Dec. 1. Nash sales were running about four times those of November, 1938, as the result of a quick swing into 1940 production. Nash new car orders are said to be at a ten year peak.

Pontiac apparently closed November with the largest sales for that month in its history, with no apparent decline in unfilled orders. Other companies report similarly glowing outlooks.

No Headlong Leap in Output

Nevertheless, the industry remains relatively cautious. Though production is being accelerated, no attempt is being made to jump schedules sharply. The industry, as a whole, prefers to enter the

slower winter season with new car as well as used car stocks in the best shape possible. Most manufacturers would rather spread out their production and postpone some deliveries than face sharp curtailments in January and February.

If current indications hold, the 1940 model season may well prove to be the best post-depression year for the industry.

New Jersey Iron Boom

War revives state's mines, and owners hope new methods will keep them going indefinitely.

AFTER the Battle of Trenton in the Revolutionary War, Hessian prisoners were sent into northern New Jersey to work the iron mines from which the American rebels got ore for their munitions. Descendants of these Hessians are among those now engaged in mining these same deposits, the value of which has been

greatly enhanced by the slow-motion war in Europe.

A recent survey reported by the New Jersey Council, the state's promotion and development organization, reveals that three of the modernized mines are producing practically at capacity. The state's output for the year may cross the 1882 record of 932,762 tons. Rising domestic demand added to war activity has raised prices to a point where Jersey ore can compete profitably with mines in other sections. Most of the output is being exported.

Record Shows Sharp Zigzags

Jersey's iron mining industry has shown wide variations. The World War raised production to a peak of 528,000 tons (in 1916). Thereafter it slipped to a minimum of 90,374 tons in 1922. The year a single mine (the Scrub Oak, near Dover) expects to market 700,000 tons.

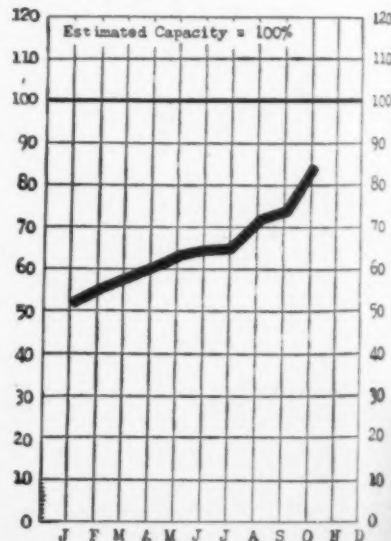
Ore from this mine is low grade but desirable because of its small percentage of sulphur and phosphorus. A milling process raises the iron content from 36% to 67%, thereby concentrating the ore into one of the richest on the market. The Scrub Oak Mine now employs about 475 men. Nearby, the Mt. Hope mine, employing 140 men, expects to sell over 100,000 tons this year. The Richman Mine, closed for the first 10 months this year, is being reopened. It normally employs 90 men and produces at the rate of 10,000 tons a month. The Washington Mine, at Oxford, was re-opened in October, is now employing 100 men in the production of 16,000 tons monthly.

Mine owners hope that improved machinery and methods will keep New Jersey in production after the war ends. Meantime, there is a demand for a survey to determine whether the state has other valuable deposits.

New Machine Tool Index

MANY A STATISTICIAN was bereft recently when the National Machine Tool Builders' Assn. abandoned its widely used index of new orders (BW—Oct 21 '39, p51). It was one of the few regularly available indexes with a forecasting quality—showing the extent to which industry in general planned to retool. Then war demands made it difficult to determine "firm orders," so the association developed this substitute index, showing the percentage of capacity at which the industry operates.

The old index of orders, in use since 1919, promptly reflected what business in general intended to do (by the new orders given the machine tool companies). The new index of operations reports later—after the work is in progress.



FROM THE NOTE BOOK OF A PROFIT ENGINEER★

**INVESTMENT OF \$6,500
SAVES \$4,000 A YEAR**



*Business - electric
refrigerator manufacturer
Part - wrist pins
Old method - six separate
operations
Recommended - modern
machine, combining
sawing, drilling,
reaming, burring, end
milling, and tapping.
Production - 200 per hour
Cost - \$6,500
Savings - \$4,000 per year*

"PROFIT ENGINEER" suggested one machine to take the place of six being used in making wrist pins. Management approved an expenditure of \$6,500—and collecting \$4,000 a year savings—a 60% dividend. If you have to cut corners meet today's rising costs,

we suggest that you might benefit from "Profit Engineering." Your machinery builders are ready to work with you, and Westinghouse will provide electric drives to keep power costs down and efficiency up. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pa.



WHAT IS A "PROFIT ENGINEER"?

He is a man with the ability to find ways of doing a job better, quicker, or cheaper. He may be someone in your own organization—or a salesman calling on you. Or—he may be an executive who knows a good idea when he sees it—and who provides authority and means to turn the idea into a profitable investment.

Are you a PROFIT ENGINEER?

794101

Westinghouse

ELECTRICAL PARTNER OF INDUSTRY



THE AIR CONDITIONING EXPOSITION



SIXTH
INTERNATIONAL HEATING &
VENTILATING EXPOSITION
LAKESIDE HALL
CLEVELAND, OHIO
January 22-26-1940

Auspices American Society of Heating and Ventilating Engineers

See this Exposition, study the newest developments in heating, ventilating and air conditioning equipment. Whether your interest is industrial production, or comfort air conditioning for factory, office, store or home, here you will find many ways to make savings, improve products, increase production and create sales. Over 300 leading manufacturers will exhibit. You are cordially invited.

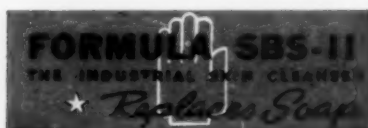
Management, International Exposition Co.



CHAPPED HANDS COST MONEY

Why tie your employees' hands by subjecting them to soreness, rawness and irritation caused by chapping?

Formula SBS-II Skin Cleanser replaces soap, helps prevent chapping, keeps employees' hands clean, soft and smooth. It removes dirt, grease, grime and bacteria quickly and safely. 2990 plants supply it to their employees. Write Today for generous **FREE TRIAL SUPPLY** to Sugar Beet Products Company, 300 Waller Street, Saginaw, Michigan.



Timber Owners Cash In on Calamity

Sale of hurricane lumber through joint efforts of wholesalers' group and Salvage Administration marks an epic in conservation and economic rehabilitation.

ON SEPT. 21 LAST YEAR a foot-loose tropical hurricane eluded the weather forecasters and rampaged across the northeast, cutting a swath 125 miles wide through New England forests. A little more than a year later (Nov. 13 to be exact) a \$14,400,000 deal involving the sale of 600,000,000 board feet of the salvaged lumber was announced in Washington.

Between the two dates lies an epic in lumbering. It involved guarding entire states from the threat of forest fires, logging downed trees so as to protect future growth, sawing up logs where water storage was not available, marketing this huge and sudden output so as not to swamp the market, and protecting the property owners all along the line. Credit for this improbable feat goes mainly to United States Forest Service men working through the federal government's Northeastern Timber Salvage Administration with headquarters at Boston.

A board foot is a square foot one inch thick. Four billion board feet were blown down by the hurricane—enough to floor 140 square miles with inch planks. Some 1,600,000,000 ft. was of commercial size. (The amount represents about four years' normal cut.) Of this 610,000,000 ft. have been salvaged and another 200,000,000 ft. probably will be saved.

Takes the Whole 600,000,000

The sales deal compares in magnitude with that of the lumbering operation. It was made by the Northeastern Timber and Marketing Association, specially created by private interests for the purpose. The organization stems from an inquisitive wholesaler.

There was a shortage of graded dry boards in Detroit last September. Herman I. Hymans, Detroit lumber wholesaler, heard that Leslie S. Bean, salvage administration director, had graded dry boards and plenty. The lumber dealer hopped East for a confab with Mr. Bean. He found that there was available 95% white pine, the rest mixed hardwood, hemlock and splinters. Mr. Hymans thought he could handle 20,000,000 ft., then he guessed he'd make it 40,000,000, finally he got enthusiastic and agreed to take 100,000,000 ft.

At this point a cunning gleam appeared in the eye of Mr. Bean. "But Mr. Hymans," he said, "you wouldn't be foolish enough to take 100,000,000 ft. without knowing what was to become of

the other 500,000,000? Think what it might do to your market."

"All right, dammit," said Mr. Hymans, "I'll take the whole 600,000,000."

The Salvage Administration agreed to sell no lumber for 60 days. This gave Hymans time to form a wholesale lumber cooperative, chartered in Delaware Nov. 6 as the Northeastern Timber and Marketing Association. It is a non-profit corporation (thus escaping taxation). Members will include about 100 lumber wholesalers.

50-50 Split Agreed Upon

Present market price for lumber such as will be obtained from the salvage boards averages \$42.50 per thousand ft. Hence the Marketing Association will have \$18.50 (the difference between the \$42.50 market and the \$24 base price) with which to re-handle, re-manufacture, deliver finished products to its wholesalers and show a profit if any.

However, a ceiling is established. The Marketing Association and the Salvage Administration will split 50-50 any gross receipts that may exceed 120% of the \$24 base price—that is, anything over \$28.80. The association's half would be distributed to its member wholesalers; the Salvage Administration's half would be distributed among the original timber owners.

This is problematical gravy, depending on future demand and prices. The Salvage Administration has already paid the timber owners 90% of the stumpage price which the administration set as a fair figure, based on a three-year average. The stumpage price averaged \$3.03 per thousand ft. and an additional \$7.50 was paid for sawing. Total so far paid timber owners is between \$6,000,000 and \$7,000,000; from \$2,000,00 to \$3,000,000 have been paid to saw mills. (The larger amount received by timber owners is explained by the fact that much of it represents logs which will not be involved in the deal for sawed lumber with the Marketing Association.)

RFC Advances to Be Repaid First

The Marketing Association agrees to pay the Salvage Administration \$800,000 quarterly beginning next Jan. 1. In effect, this establishes four-and-a-half years as the minimum time for paying the entire \$14,400,000. It is hoped that payment will be completed much sooner. The timberland owners are interested since they do not receive the remaining 10% due



On Sept. 21, 1938, a hurricane ripped through New England's forests and tore down 4,000,000,000 board feet of lumber. A few weeks later United States Forest Service

men, working through the federal government's Northeastern Timber Salvage Administration, started the formidable job of cleaning up the wreckage.



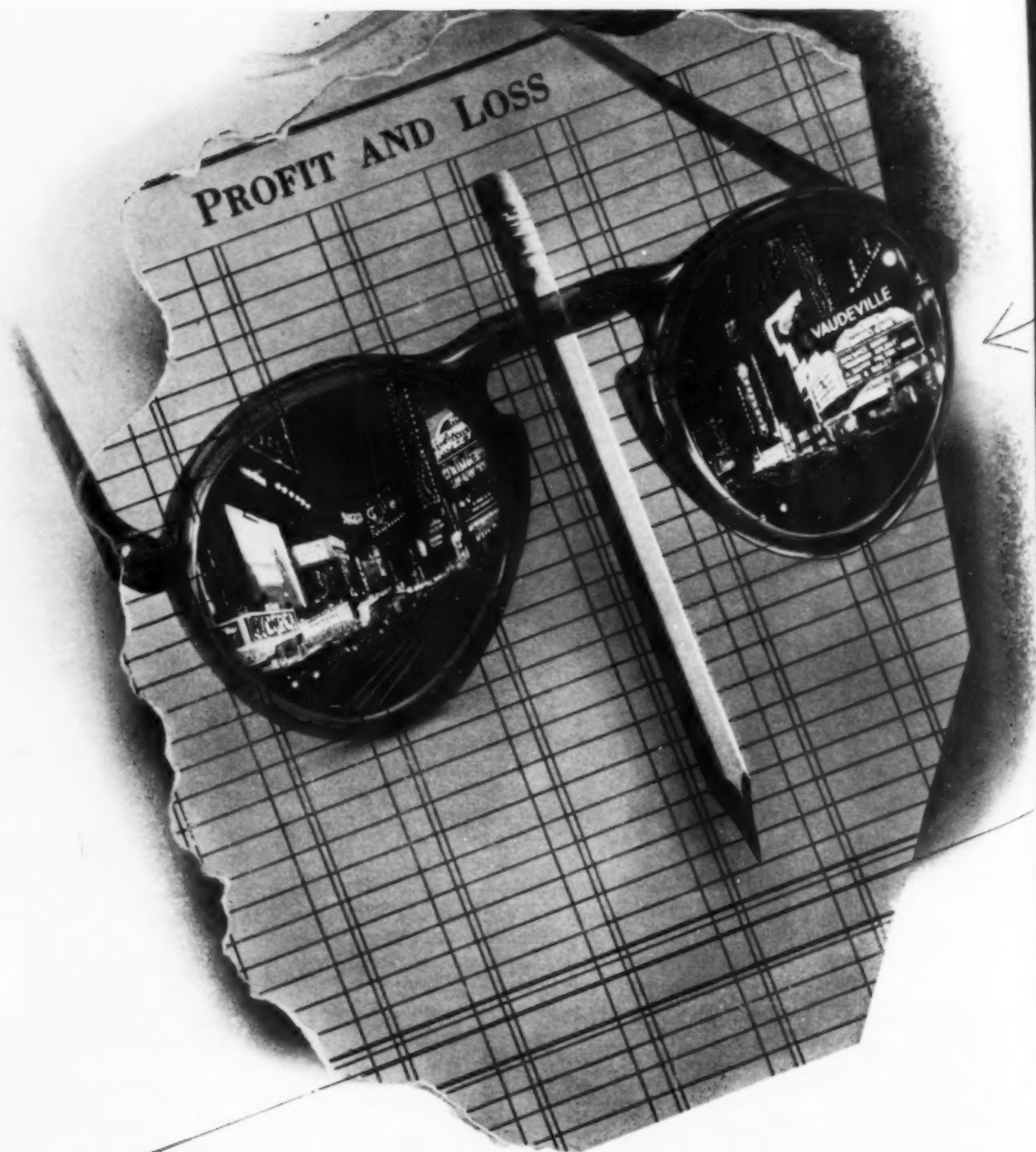
About 1,600,000,000 feet of the hurricane timber was of commercial size—an amount which represents almost four years' normal cut. The Salvage Administration put

some logs into water storage to be used as needed by local industry. Most of the remainder was cut by portable saw mills. Owners were paid on delivery.



The Salvage Administration gathered 241 mills, like this one at Leominster, Mass., from many localities, to cut the hurricane timber. So far a total of 610,000,000 board

feet of lumber has been salvaged, and is now being successfully marketed through the Northeastern Timber and Marketing Association, formed by private interests.



← If it's your job to see that somebody's advertising *pays* . . . don't let big-city bright lights throw your plans out of focus.

Don't be dazzled into thinking that all your good prospects are city people . . . or that all city people are good prospects. Because they aren't.

All the city people lumped together represent no more than 60% of this nation's buying . . . the other big 40% is always done by *country* people.

If you're going to get the *cream* of our national market, you've got to get the cream from *both* its parts. Not just city cream . . . but the country cream, as well.

And country *cream* is what we've got.

Some 2 million country families, marked by their own retailers as the best buyers in this whole big market. Some 2 million families reading *Country Gentleman* every month.

Re
mag
their
to r
no c
had.
A
N
Gen



Don't let
BRIGHT LIGHTS
get in your eyes!

Reading it? *Living* it! Because this big magazine is their authority on how to run their business, how to raise their families, how to run their homes. It has an impact such as no other magazine so big has probably ever had.

And it gets results accordingly . . .

No idea backed by the pages of Country Gentleman has ever failed to get action!



COUNTRY GENTLEMAN
NATIONAL SPOKESMAN FOR AGRICULTURE



LOOK... who is building with ARCHITECTURAL CONCRETE

Leading business and industrial firms have chosen Architectural Concrete for millions of dollars worth of new structures.

Here's why! Concrete offers distinctive beauty, yet is low in first cost because walls, frame, floors and decoration are cast in *one* thrifty material. It assures low maintenance. It is fire-safe, storm-proof, weather-defying, adaptable to any architectural style or layout requirement.

Ask your architect or engineer about the advantages of concrete for your new building. Write for booklet, "The NEW Beauty in Walls of Architectural Concrete," free in U. S. or Canada.

PORTLAND CEMENT ASSOCIATION

Dept. 12-12, 33 W. Grand Ave., Chicago, Ill.

A national organization to improve and extend the uses of concrete... through scientific research and engineering field work.

them until the full payment is made. RFC advances, totaling \$11,000,000 now and possibly reaching \$15,000,000 before the operation is completed, will be paid off first. The government stands to get back all money advanced, with its 3% interest.

Thoughtful Yanks shudder to imagine what could have happened if the federal government hadn't acted swiftly after the disaster. A dry spell, a high wind, a dropped match—and a goodly section of New England might have gone up in smoke.

Foresters Get Busy

Fifteen days after the hurricane E. W. Tinker, assistant chief U. S. forester, was on his way to New England from Washington. In the plans which followed, governors, state forestry department heads, other officials cooperated. U. S. forestry men were called from all over. They were put under Forester Bean who was shifted from Wisconsin. A great, Paul Bunyan of a man, this Bean. The best description of him lies in the job he has done.

Under this general staff, WPA and CCC labor attacked the forest wreckage in mass. At the height of the effort there were 32,000 engaged. First they opened roads, cleaned fire-hazard debris from about inhabited areas, restored communications, rebuilt fire look-outs, cleared 50 ft. on both sides of roads as fire lanes.

Difficulties of the job were immense. Full 98% of the land was privately owned. Thirty thousand owners had to be located and induced to sign timber purchase agreements. One of them was found in Cairo, one in Ethiopia and several in London. Most of them saw the advantage of immediate salvage, but not all. One lank Rhode Island Yank had 5,000,000 ft. of damaged trees for which he was offered about \$25,000. All they could get out of him was, "Tain't enough." So far as the Salvage Administration knows, he still has his tangled forest.

Salvage by Private Interests, Too

While the government program saved 600,000,000 ft. of boards, private interests have salvaged an additional 383,600,000. At the peak, 241 small portable saw mills operated under the Salvage Administration. Fifteen of these the government bought; the rest were privately owned and under contract. They came to New England from as far away as West Virginia.

Before the deal with the Northeastern Timber and Marketing Association Bean sold several million feet of logs and boards to local buyers. New England has 170,000 persons dependent on wood-working industries. It is on these that the impact of the hurricane will fall with increasing severity. Many of the trees uprooted were too small to be cut into lumber. They would have matured

Edison Head



NEW CHAIRMAN of Commonwealth Edison Co., succeeding the late James Simpson as head of the largest Midwestern operating utility, is Charles Yoe Freeman—here receiving congratulations from Commonwealth Edison's President Edward J. Doyle, while Britton I. Budd, president, Public Service Co. of Northern Ill., looks on. Insiders knew that as general counsel of Commonwealth Edison—a position created especially for him—Freeman had top authority under Simpson. But to the public he came as a total surprise. Freeman was until last week a member of Simpson's favorite corporation law firm, Wilson & McIlvaine. Since 1932 he had been Edison's top lawyer, and on Simpson's death he was the fore-ordained choice to run the business, because he already had been handling all financial, legal and corporation top problems. His election merely makes it official. Less officially but no less actually has his former law partner, John P. Wilson, become the final authority representing the big ownership interests in Marshall Field & Co., though his sole title is member of the board of directors.

in seven to ten years. It is then that they will be missed by nearby industries. For the benefit of companies so affected the Salvage Administration will keep from 100,000,000 ft. to 150,000,000 ft. of logs in water storage to be used as needed.

There is still much work to be done. Since all brush and debris could not be cleaned up, New England will be under an additional fire hazard for upwards of 15 years. But the calamity did bring some benefits. The region now has more fire lanes and roads by which fires can be attacked. Operations by scientific foresters showed the Yanks better methods of logging, sawing, grading, selling. And above all it has dramatized for New England the value of long-range planning for the 74% of New England acreage which is suitable only for forests.



"WHAT A WINTER I put in last year! Every time the temperature dropped, production took a nose dive. Nobody could work in comfort. People near the radiators were too hot; all the rest of 'em too cold.

"It took two hours every morning for the place to get warm. Mondays were worse—after the week-end shut-downs.

"The engineer always had a tale of grief for me—leaking pipe coil and 'dead radiators'. Fixing 'em up or replacing them cost money. And you should have

seen the size of my coal bills every month! "Am I going through all that again this winter? Oh-h-h, no—

"... not with the New MODINE Unit Heater

"My new Modines will keep everybody comfortable—in any part of the plant, office, warehouse, or retail sales rooms.

"Call it 'building employee goodwill' if you want to. It is. But I call Modine Unit Heaters profit-protectors. Their modern heating improves processes, prevents cold-weather shut-downs, increases per-man production, cuts time lost by illness.

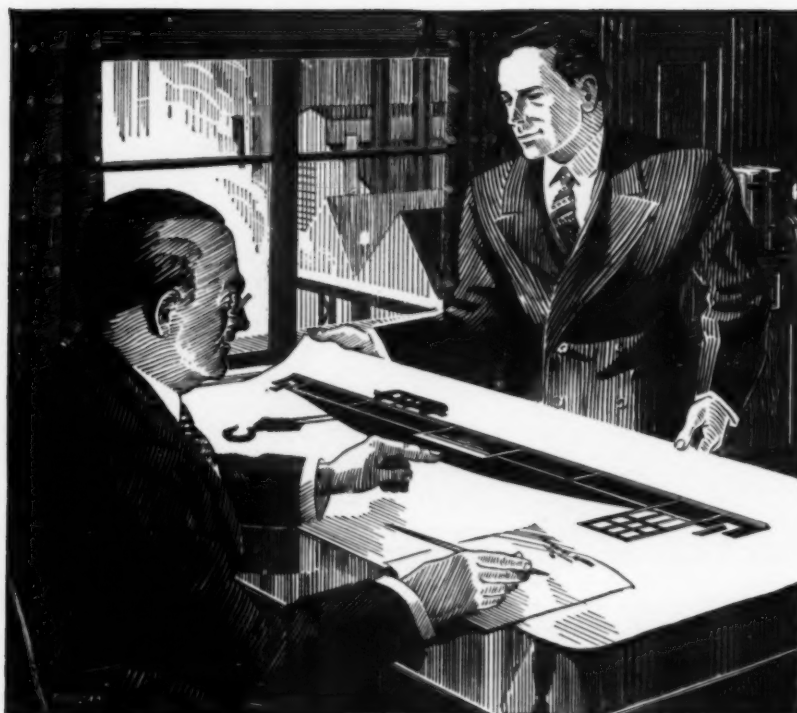
"Thirty minutes before starting time, on go the Modines. Heating begins immediately. When employees arrive the place is comfortable. Even tem-

peratures are automatically maintained. When no more heat is needed, off go the Modines, like a light. No heat or fuel is wasted. Why, man, I'm going to save fifteen to twenty-five per cent or more on my fuel bills alone!

"These new model Modines have a lot of exclusive features, such as: new built-in safety fan guard, new sound-silenced operation, new protection against rust by Bonderizing. By buying this year, I got more for my heating dollar than I ever could before. Say, you ought to have Modines! Better get literature."



MODINE MANUFACTURING COMPANY, 1740 Racine St., RACINE, WISCONSIN
INDUSTRIAL, COMMERCIAL, RESIDENTIAL HEATING, COOLING, AIR CONDITIONING
Modine Equipment is Sold Through Heating Contractors and Recognized Wholesalers



Before you sign that crane order insist upon these two features

When you buy a crane you expect trouble-free performance—without shutdowns or expensive maintenance. Make sure you get this performance by insisting that your next crane have two simple features—herringbone gears and roller bearings.

Ordinary spur gears grind and wear and have to be replaced several times during the life of the crane. The precision-made herringbone gears used in Whiting cranes operate smoothly, quietly, and efficiently. They outlast spur gears at least two to one.

The bearings, too, are a vital part of any crane. Sleeve bearings wear rapidly under the heavy loads encountered in crane service. That's why Whiting cranes are equipped with heavy-duty roller bearings that last indefinitely. These bearings make possible

quicker starting and save power. They also maintain gear alignment and prevent excessive gear wear.

The Whiting cranes have many other features, too—oil-tight gear cases, non-binding tapered tread bridge drive wheels, safety-tread steel footwalks, safety-first switchboards, and clear-vision cabs. Write, Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill. In Canada: Whiting Corporation (Canada) Ltd., Toronto.



Roller Bearings



Herringbone Gears



HOW TO WRITE a Traveling Crane Specification

Tells how to order a crane to fit your needs. Mailed free to executives.

Builders of quality cranes for over 50 years

IT PAYS TO GET A QUOTATION ON
WHITING
 OVERHEAD TRAVELING CRANES

Test for EPIC Plan

Los Angeles will have first consumer unit to be tried under production-for-use program.

CALIFORNIA's first production-for-use consumer unit is scheduled to open for business in Los Angeles Dec. 18. It is the first of a series to be set up by the state relief administration, egged on by Governor Culbert L. Olson, in a self-help program envisioning work for some 700,000 unemployed.

Sponsors are careful to insist the scheme won't compete with private business but will take thousands off relief. Opponents say they don't see how competition can be avoided (BW—Sept. 29, p. 22). Actual trial of the plan should give a final answer as to its workability.

The first unit, at San Pedro and 22nd St., Los Angeles, is a food market which also will handle a few textile items like work clothes, hosiery and towels. About half the merchandise will come from the 38 producing co-operatives in southern California now receiving state aid. The rest will be bought from commercial concerns.

Under the production-for-use plan, originally sired by Los Angeles' own Upton Sinclair, mahatma of the "End-Poverty-In-California" (EPIC) plan, relievers are removed from the dole and put to work in one of the production units. Their \$40-a-month relief checks will not be forthcoming. Instead, they will be paid an equivalent amount with something added, depending on the number of hours they work each month. About three-fourths of the monthly pay check will be in cash, the rest in credit for goods at one of the state's production-for-use outlets.

How Self-Help Unit Will Be Run

Frankly skeptical, California business men (the State Chamber of Commerce condemned the plan at its annual convention in San Francisco last week) are asking six questions about the self-help experiment. They are (with answers):

(1) How is it to be set up? Applicants for relief are offered the option of joining a distributing unit. When 300 persons sign up, meetings are held, the enterprise is explained, and the state relief officials set up a unit.

(2) What control does the state exercise? Managers and clerks are employed by the unit with supervision by state officials. The state supervises finances and accounting.

(3) How will merchandise be bought? Existing production co-operatives will be drawn upon whenever possible and other goods will be obtained from commercial suppliers.

(4) How will consumer units be located? Generally, in neighborhoods with the heaviest relief loads. The first unit was placed after an extended survey

which showed the location of the heaviest case-load areas in Los Angeles.

(5) What is the financial setup? The first unit has been planned for slightly less than \$6,500 capital investment to cover equipment (\$3,000), merchandise (\$3,100—of which \$1,800 will be bought from co-ops and \$1,300 from commercial sources) and salaries for the first six months (\$238). Sponsors figure the total outlay, including investment and operating expense, for the first three months will be \$18,694. They believe income from sales will reach \$13,000.

Venture's Price Policy

(6) Will merchandise be sold below competitive prices? Strict competitive prices are to be charged, sponsors insist, and relief clients will get the difference between competitive and co-operative prices either in money or "merchandise dividends." Goods from regular commercial sources will be purchased at competitive wholesale prices. Sales are restricted to members of the distributing co-op.

Equipment for the first distributing unit includes all the paraphernalia of the small food market. Equipment purchases were made through regular commercial channels and consist of a \$600 electric refrigerator, scales, cash register, \$800 meat refrigerator, shelving, racks, and even market baskets.

The "store" will handle meats, poultry, eggs, milk, jams, dried fruits, canned goods, cereals, and work clothing. The southern California production co-ops feeding it will include four bakeries, 11 farms, three hog ranches, one goat herd, five canneries, nine sewing groups and one furniture unit.

Merchandise from commercial channels to be sold at the new outlet includes a wide range of cereals, flour, beans, sugar, canned fruits, fish and vegetables (not produced by co-ops) and items like coffee, tea, matches, soap, and cigarettes.

Tax New-Type Gases

UNIFORM LAWS for taxation of butane and propane gas when used to operate motor vehicles on the highway, have been adopted by several states including Illinois, Kansas, New Jersey, New Mexico, and Oklahoma. The new taxes run from 3¢ to 5¢ a gallon and follow the same rates as the state taxes on gasoline.

To keep administrative costs at a minimum, the North American Gasoline Tax Conference, which drew up the model law, recommended that states should exempt sales for other than highway use without requiring exemption certificates or levying the tax and then refunding. Little difficulty with evasion is expected under the laws, because of the small number of suppliers, the bulkiness of storage cylinders, and the \$200 to \$400 cost of converting motor vehicles for efficient use of the gases.

"GOLLY! YOU CAN EVEN SET MARGIN STOPS WITH ONE HAND!"

"SEEMS FASTER THAN OUR OTHER MACHINES, DOESN'T IT, BOSS?"

"IT'S GOT EVERYTHING ... HASN'T IT?"

"JUST LOOK AT THOSE LINES ... WHAT A BEAUTY!"



THE NEW
Super-Speed L C SMITH



Just off the press... new booklet pictures and describes this magnificent new typewriter. Write for free copy!

Address: L C Smith & Corona Typewriters Inc
Desk 12, 107 Almond St., Syracuse, New York.

Lone Slum-Clearer Makes Money

Mr. Binns of Philadelphia convinces the skeptics that he has something, and now other cities are talking. Social objective put on business basis.

"To BUILD extremely cheap houses and to sell them with little or no equities is to spawn the slums of the future."

With this and a number of other equally-blunt statements, backed by an amazing record of making money by rehabilitating and renting old rowhouses, a Philadelphian named Arthur W. Binns was snowballing into national prominence this week.

Binns has been at the business of buying up, and fixing up, old rat-trap housing for the past 10 years. He's a slum clearer, in that he substitutes modernized, attractive low-rent houses for broken-down, leaky, filthy buildings.

He works on a definite, business-like plan; for example, he figures that the

cost of purchasing the property, plus what he has to spend for rehabilitation, should not be far away from five times the gross annual income it will produce. As it works out, his gross income less operating costs, taxes, and 5% depreciation charges leaves a net profit of not less than 10%, even though he occasionally lets his investment ratio bulge to eight-to-one.

The program has been almost entirely developed in Philadelphia's 34th and 44th wards—Negro districts, with a small scattering of whites. Binns buys two-story, brick row-houses, sometimes boarded up and vacant. He puts in what is needed in the way of plumbing, roofing, floors, new doors and windows, mod-

ern gas and electric equipment, three-piece bathrooms, heating plants. He cleans the exteriors, restores a pleasing façade, and landscapes yards.

All this accomplished, he has a row of five-room houses, ready to rent, and has spent from \$1,200 to \$1,500 a unit, including the purchase price. He rents most of the houses for not more than \$20 a month, or \$4 a room, and sometimes goes as low as \$3 a room or as high as \$5. None of the rehabilitated houses is for sale (although Binns also is interested in building and selling houses, as another part of his business).

His books tell a convincing story of success. One of Binns' properties averaged \$60 a month return to its former owner, before he took it over; now it brings in \$600 a month. Another row of houses was turning in \$80 a month in rents, at present it is paying \$1,160 a month. Piece by piece, the Binns holdings have mounted to around 300 houses, and the total investment to approximately \$500,000.

Binns himself is a dynamo, always on the go. Built something like a Notre Dame football guard, carrying about



These "before and after" pictures of Philadelphia row-houses illustrate the way in which Arthur W. Binns is turning run-down properties into profitable investments. Binns buys old, often uninhabitable,

buildings for \$200 or \$300 per five-room unit, then spends from \$1,000 to \$1,200 rehabilitating each of them. When they have been properly cleaned up and modernized, properties are rented—never sold.



230 lbs. on a five-ten frame, he is calm and assured in manner, friendly and amiable to all comers—but he has his angry moments. One thing that bothers him is the USHA program. USHA, he says, is taking a "lower middle cut" of the population for subsidizing, instead of the really poor people, and is very wasteful of money at that.

He can't see why private capital in other cities shouldn't do the same thing he is doing, and make money at it. He uses union labor, gets no concessions on taxes, no subsidies or donations. Yet he averages better than 10% profit.

Bankers Hold Back

Taking this story to local bankers (as he has done several times), Binns says he invariably gets the cold shoulder. Just why, he doesn't know. But he goes around to FHA and gets 9.6% loans, on the three-year modernization plan. He puts in all he can himself, of course, and as he makes a little money he has more to expand with. When he first turned to one-man slum clearance, he hocked his insurance, borrowed from his wife, drove ahead regardless of the banking community's dire warnings. But nowadays, when he has a record to show, the reluctance of local capital to come in baffles him more than ever.

Just how big this Philadelphia dynamo will grow, no one can say. He figures that in his home city alone there are 20,000 old houses which fall into the rehabilitation classification. He has inspected similar areas in Washington, Brooklyn, Baltimore, St. Louis, and many other cities—and says that they are all alike.

Binns has carried his story personally to real estate boards in Atlantic City, Seattle, Chicago, Washington, New York, Duluth, and other towns. All told, he has made 23 of these speeches since May.

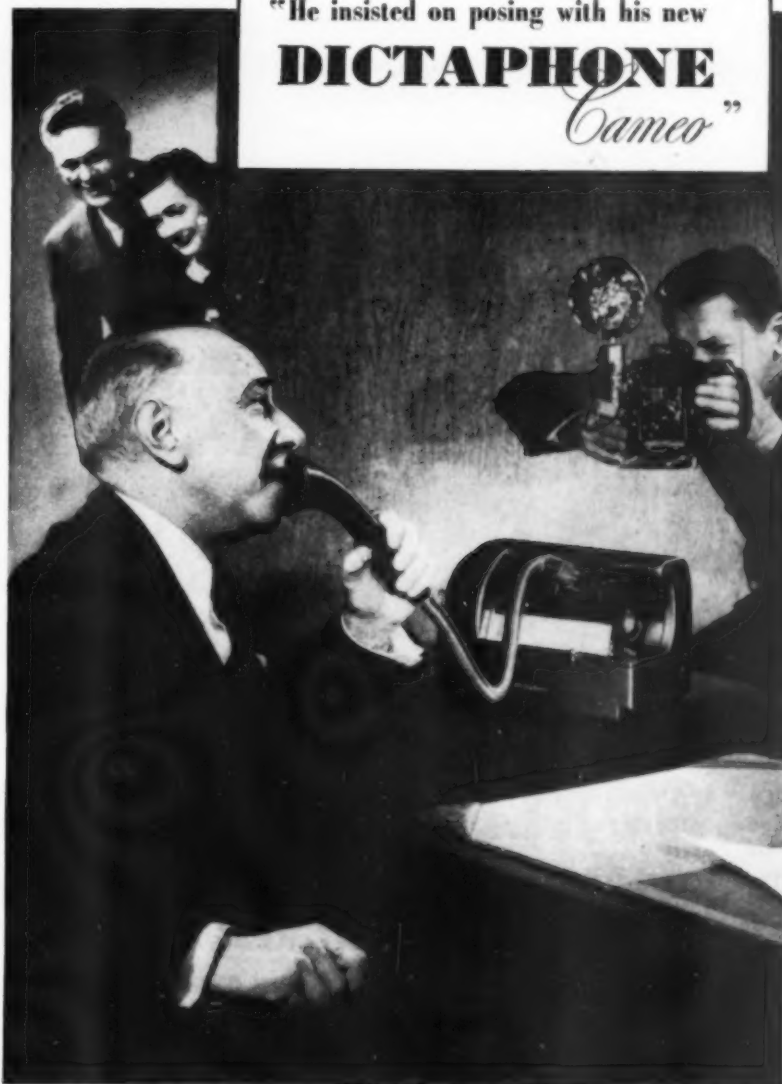
Making a Name for Himself

At Los Angeles, the Philadelphian was a sensation of the recent annual convention of the National Association of Real Estate Boards, and that group now is thinking about the possibilities of national coordination of various small enterprises which are digging in as Binns is. Binns is getting talked about in the trade; he was the "man of the month" for *Architectural Forum* last September, and he has been written up in *National Real Estate Journal* so that all the realtors know about him.

On the government side, Binns made one big splash last July 14, when he appeared at the TNEC hearings and stole the show for the day. He hasn't been asked back, but A. C. Shire, technical director for USHA, came up to Philadelphia last month to meet him in debate on social issues.

FHA is reported to be considering plans to extend some help to such enterprises as Binns', under the large-

"He insisted on posing with his new
DICTAPHONE
Cameo"



You, too, will be proud to own a new Dictaphone Cameo. It's a badge of distinction to use one.

Smaller, lower, lighter than any previous model, this new Dictaphone has all the perfection of a finely carved Cameo. It has been styled in a forward-looking mood—with functional beauty that bespeaks the superior craftsmanship and ease of operation that are Dictaphone tradition.

You'll like the way it smooths out your office work. It's always ready for whatever you want to give it—a note or a convention speech. You'll appreciate its new pick-up portability. You can take it with you wherever you go. The versatile Cameo is a truly universal modern dictating machine.

Try the new Dictaphone Cameo at our expense and without obligation. Just fill in the coupon and mail it today.

The New **DICTAPHONE** *Cameo*



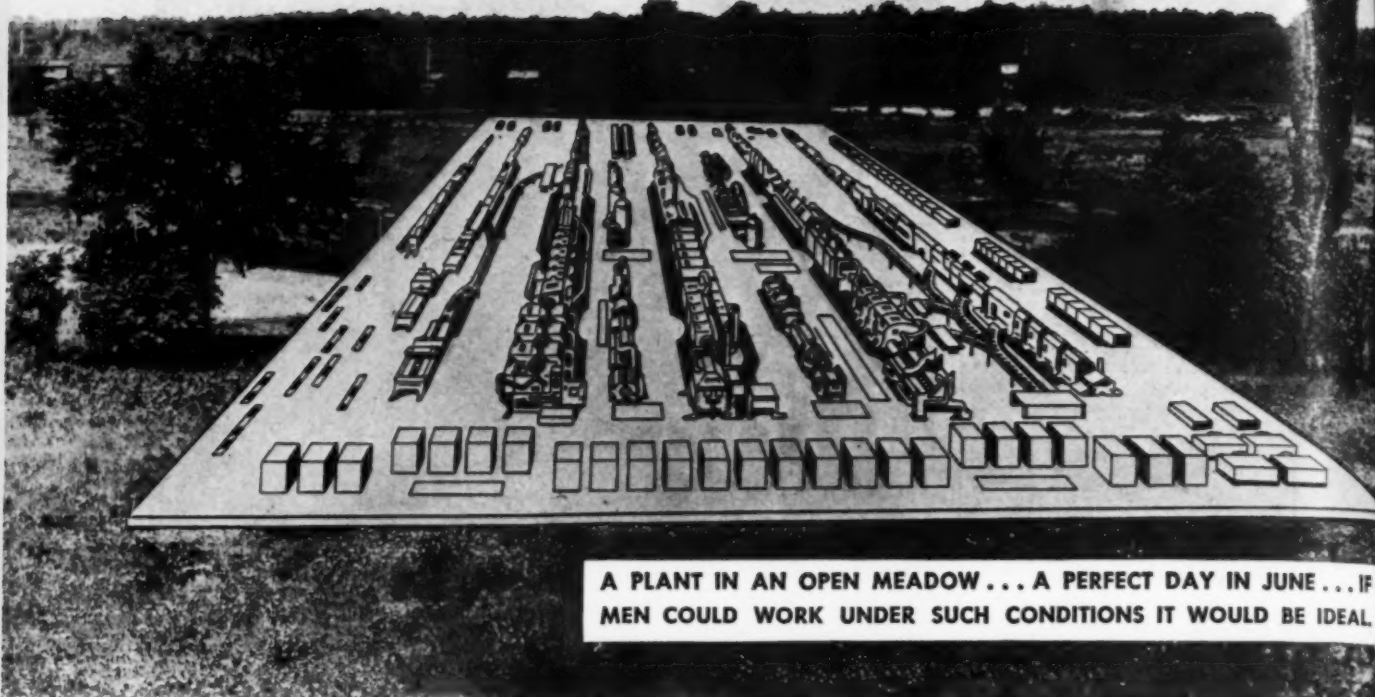
DICTAPHONE CORPORATION,
420 Lexington Ave., N. Y. C. In Canada—Dictaphone Corp., Ltd., 86 Richmond St., W., Toronto

BW-12

- ☐ Send me additional information about the new Dictaphone Cameo dictating machine.
☐ I should like to see and try the new Dictaphone Cameo without obligation

Name _____
Company _____
Address _____

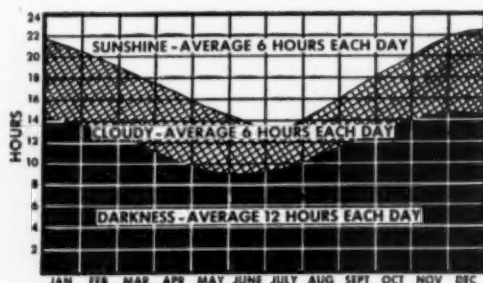
The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation.
Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.



A PLANT IN AN OPEN MEADOW... A PERFECT DAY IN JUNE... IF MEN COULD WORK UNDER SUCH CONDITIONS IT WOULD BE IDEAL.

THE WORLD'S FIRST "CONTROLLED

THE MOST ADVANCED TYPE OF PLANT THAT INTEREST WITH 2 MORE SIMILAR PROJECTS



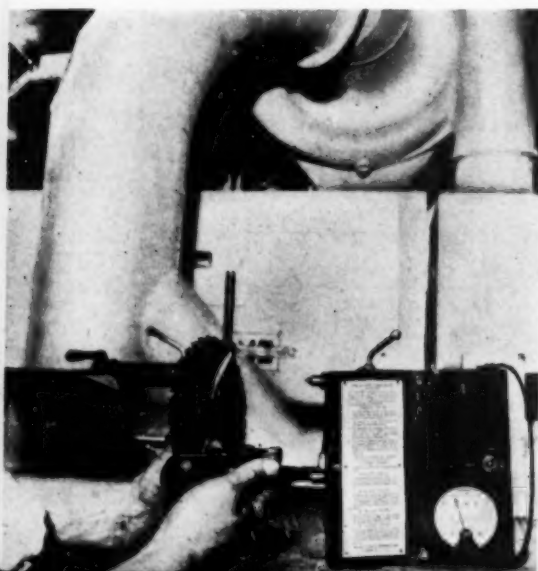
Daylight is variable. Chart shows variation in typical Northeastern city from Weather Bureau records covering a 29-year period. There were 6 hours of sunshine, 6 hours of cloudiness and 12 hours of darkness in the average 24-hour period. Note average of 2 hours of sunshine in winter months when most plants are busiest.

FOR THE FIRST TIME... in the new Simonds Saw & Steel Company's plant at Fitchburg, Mass., ideal working conditions and ideal operating conditions prevail. Light is controlled, atmospheric conditions are controlled, noise is controlled, ALL operating conditions are controlled. At last, handicaps which have long been a problem in precision work have been eliminated.

Austin Engineers in designing this

"Plant of the Future" encountered new and unusual problems. For the time basic conditions were analyzed, provide the ideal conditions of a "day in June," in an open meadow a plant consisting simply of a floor production machinery was the object. To reach it meant pioneering and required intensive research into almost every scientific field.

In the Simonds Plant straight-



LIGHT IS CONTROLLED

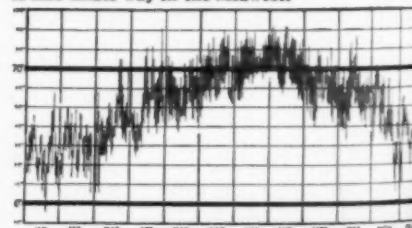
To provide proper lighting, whether the sun is shining or not, artificial lighting is required. But to provide ideal, uniform lighting, free from glare, windows must be eliminated. Thus variable daylight has been eliminated in the Simonds Plant. Instead, excellent and uniform artificial lighting of 20-ft. candle intensity is provided every day of the year, every hour of the day. (See illustration at left) ... and this excellent and uniform lighting actually costs a third less than formerly, based on one 8-hour shift.

ATMOSPHERIC CONDITIONS ARE CONTROLLED

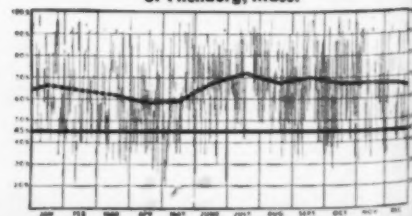
Both temperature and humidity are as variable as daylight as is shown by the two charts at the right. These two factors are controlled in the Simonds Plant, despite the fact that heat from 70 furnaces must be controlled to permit office work in the same 5-acre room. Every day, throughout the year is like that "rare day in June."

Temperature and humidity readings on a hot July day indicated in the photograph at the right show lines on the instrument practically parallel ... highly significant when compared with the wide ranges shown for July days on the charts from which there is no escape for conventional plants ... in the Simonds Plant there are 5 complete air changes per hour with 30 dust removal units to catch dust from scores of grinding operations and filter and recirculate the air.

*Another "Controlled Conditions" Plant of Austin design is nearing completion for the Allison Engineering Division of General Motors. A third project is also under way in the Midwest.



Day by day Variation in Temperature (above) and Relative Humidity (below) for year 1938 in vicinity of Fitchburg, Mass.





IN THE "PLANT OF THE FUTURE" SUCH CONDITIONS PREVAIL
24 HOURS A DAY, RAIN OR SHINE, WINTER OR SUMMER.

"CONSTRAINED CONDITIONS" PLANT IDEA MARCHES ON!

WHAT MANAGEMENT AND SCIENCE COULD CREATE IS AROUSING WIDE-SPREAD
EFFECTS OF IN DESIGN RAPIDLY NEARING COMPLETION

...ntered m...tion is ACTUALLY straight.
For the...operation follows in succession...
...analyzed...the links in a chain...like pickets
...ence...9 production lines have be-
...meadow...9 large synchronized machines.
...f a floor...three old plants, containing 17 acres
...he object...a forest of 3,752 columns were re-
...ring and...ed by one large 5-acre room con-
...into al...ng only 56 columns.
...while the application of the "Con-
...d Conditions" plant idea is not

universal, many industries can profit through its outstanding benefits and advantages. Whether you are interested in this new type of plant or conventional buildings, Austin will gladly submit suggested designs and cost estimates.

To answer many requests, Austin can show you in your office, a brochure or a slide film—either of which tells in less than an hour, how the "Controlled Conditions" plant operates and what it accomplishes... simply contact the nearest Austin Office.

THE AUSTIN COMPANY ENGINEERS AND BUILDERS

16112 Euclid Avenue, Cleveland, Ohio

NEW YORK
PHILADELPHIA
PITTSBURGH
CLEVELAND
DETROIT
INDIANAPOLIS



THE
AUSTIN METHOD

CHICAGO
ST. LOUIS
HOUSTON
SEATTLE
OAKLAND
LOS ANGELES

TORONTO, CANADA

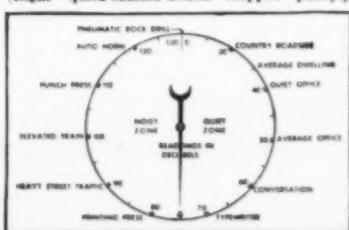
NOISE IS CONTROLLED

The "Noise Gauge" below shows common sounds as registered in decibels, the standard unit for measuring noise intensity.

Illustration at the right shows a noise reading of 102 decibels on the Simonds observation walkway above 4 drop hammers and a trip hammer battery. This compares with a reading of 117 decibels in a conventional plant with one drop hammer only.

Large drop hammers, trip hammers and countless grinding operations produce nerve racking noise, but in the Simonds Plant this noise is isolated, dampened and absorbed to such an extent that these operations can be housed with the office section in one large 5-acre room... without a single partition.

(Right—quick camera action "stopped" pulley.)



NOISE GAUGE on observation walkway shows 4 drop hammers and trip hammer battery.



Greater than ever! Again, the swing is to Florida—via Coast Line. New trains. New services. New fast schedules. New low fares.

Coast Line gives you your choice of the largest fleet of Winter-Vacation trains . . . enables you to leave and arrive at your convenience . . . speeds you in protected comfort over the only double track sea level route between the East and Florida. To the Empire of Sunshine—via Coast Line . . . the fine line!

Convenient connections available from all Eastern cities. Consult your local ticket agent. Specify your train by name.

7 FINE TRAINS DAILY

Choose from these 7 fine DAILY trains created specially for Winter travel. Plan your vacation-trip via Coast Line—the railroad that carries more passengers to Florida than any other serving the State. Assure yourself of the speed and luxuries of modern train travel.

FLORIDA SPECIAL—"Aristocrat of Winter Trains." All-Pullman to Jacksonville, Palm Beach and Miami. Features Recreation-Entertainment car. Music . . . Games . . . Hostess. 53rd consecutive season. Also carries a reserved-seat Reclining-Chair car from Washington to Miami. Effective December 15.

FLORIDA SPECIAL (West Coast)—The NEW Companion Train of the "Aristocrat of Winter Trains." Through Pullmans and de luxe coaches. The train for Savannah, Jacksonville, St. Petersburg, Tampa, Sarasota, Orlando and all Central, South and West Coast resorts. Also features Recreation-Entertainment car. Effective December 15.

THE MIAMIAN—"Saves Half Day" All-Pullman, Lounge-Observation car. Arrives all East Coast Resorts before noon—Miami 12:15 noon. "It's smart to ride The Miamian." Effective December 15.

THE CHAMPION—America's newest and smartest daily streamliner. Only streamliner serving ALL East Coast resorts. Also serves Jacksonville. Stainless-steel. Diesel Locomotive (south of Washington, D.C.) Reclining-Chair cars built for over-night travel. Reserved seats. Tavern-Lounge-Observation car. Passenger representative, attendants, Maid.

VACATIONER—All Reclining-Chair car train to East Coast resorts. Lounges and dressing rooms. New Tavern-Lounge car. Low-priced meals. Seats reserved. The early departure—early arrival Companion Train of The Champion. Effective December 15.

HAVANA SPECIAL—"The Year-Round Florida Train." Pullmans and coaches. Through cars to leading Florida resorts. Serves Charleston, Savannah, Jacksonville. Famous Lounge car. Saves full business day.

PALMETTO LIMITED—"Serving the Nearby Southland." Pullmans and coaches. Observation car. The all-year through train between the East and Carolina and Georgia resorts.

All trains between Jacksonville and East Coast Cities by Florida East Coast Railway.

Ship Your Car Ahead—it costs but little

Offices in all principal cities

The DOUBLE TRACK SEA LEVEL Route

**ATLANTIC
COAST LINE
RAILROAD**



Arthur W. Binns, Philadelphia critic of USHA, has drawn the attention of business and government by making slum-clearance a paying proposition.

scale housing section of the National Housing Act. It is possible in the future that changes might be made to lend 4½% money on a 28-year basis, which would be what Binns would call heaven.

It is difficult to find any bugs in the Binns scheme of operations, even when you begin with the realistic fact that he wants to make money. He has turned down chances to get higher rents, and to a neutral observer seems to be even more of a social benefactor than a smart business man. He takes pains to tell everyone with an interest in the subject that he looks ahead to the establishment of "public utilities in housing" all over the country, for rehabilitation of houses and administration on a close tenant-landlord cooperative basis.

A New Type of Landlord

Already he finds that his low-wage tenants are more conscientious in paying their rent and keeping their houses clean and liveable than some higher-rent classes. He has a list of things which should go into the new tenant-landlord relationship, as follows:

(1) An emergency medical service should be made available.

(2) Monthly inspections by supervisors should encourage tenants to maintain the house, and a sympathetic acquaintanceship should be built up.

(3) Tenant groups should be helped by the large purchasing power of the landlord; for example, coal can be bought in large quantities and distributed in family-sized volume for just enough above cost to pay for the handling.

(4) Good housekeeping might entitle the householder to a credit refund. A system might be established setting a minimum charge for damage due to carelessness, then refunding the charge in the form of a Christmas check to families which kept good care of their property.

(5) A furniture service could be established for worthy tenants, so that furniture could be paid for a little at a time, with the rent.

(6) Groups of tenants should have educational help in gardening and the like; perhaps a monthly tenant magazine might be established.

(7) Rental insurance should be studied. In this regard, the tenant needs protection from periods of sickness or other unforeseen calamity in which he cannot easily meet his rent. A group of tenants might insure their whole number against such contingencies, with proper actuarial help.

Some of these ideas Binns is now working on, others are suggestions for the future. But there is little doubt that as he continues to talk about what he calls "The Case for Private Capital in Low-Cost Housing" he will command an ever-expanding audience.

Ward Signs Cletrac

Little General to be offered at standard price, under mail house brand.

MONTGOMERY WARD's experimental offering of Cleveland Tractor Co.'s Little General in half a dozen of its stores has resulted in enough sales to turn the dicker into a deal. As predicted (*BW—Dec 23, p38*), Ward has quietly signed a contract to handle the tractor at \$595, the established price, though as yet nobody is doing any official announcing. The Little General will be painted and dressed up to look slightly different, and will be marketed as a Ward tractor.

This ties neatly into last week's announcement that Ward would handle the B. F. Avery & Sons Co. line of farm tools. Avery already makes the implements for use with the Little General, and they can be Ward-branded in the same way.

The Ward-Cletrac and the Ward-Avery deals involve practically identical stipulations designed to keep old-line dealers unruffled about chain store competition by a mail order house. Ward agrees to hold its Cletrac product out of stores in territories where Cletrac is already doing active business. This concession on the tractors is probably more significant than it is on the implements, since Cletrac's distribution is strong, north, east, and west, where Ward is strong, whereas Avery's distribution is predominately southern and thus hardly conflicts with Ward's.

Whether the machine will go into the catalog probably will not be discovered until next month, when the catalog is mailed.

Through the new arrangements, Montgomery-Ward now confronts competitors with a full line of farm equipment, after more or less marking time in that field since 1937.

TRANSPORTATION

South Wins Rate Cut

Only few items are affected by ICC order trimming freight rates, but precedent is important.

TWO YEARS AGO, eight Southern governors banded together into the Southeastern Governors' Conference, set out to win freight rate reductions on merchandise moving from the South to the North, as part and parcel of their plan to accomplish rehabilitation of the nation's "No. 1 economic problem."

Last week, a one-man majority of the Interstate Commerce Commission recognized the validity of the Southern governors' contention that high freight rates had created artificial trade barriers for the South. As predicted (*BW*—Jul 30 '38, p. 29), the commission granted a series of freight rate reductions, effective in March; and the South emerged victorious in the "second Civil War."

Immediate Results Are Modest

The fruits of victory are not so impressive; the permissible reductions cover only a dozen or so commodities on which freight rates heretofore had been 5% to 60% higher than in the North. But they pave the way for further reductions, since a principle is now established recognizing the "artificial trade barriers" allegedly previously created. And it's a safe bet that the Southeastern Governors' Conference will map out a campaign for additional rate cuts when they meet in Atlanta next week.

One need not read far into the ICC's decision—which split the commission 5 to 4—to sense the political import. In one of two biting dissenting opinions, Chairman Eastman declared that "the commission is called upon to decide this case, on the record, after it has in effect been decided, in advance and without regard to the record, by many men in public life, of high and low degree, who have freely proclaimed their views on what they conceive to be the basic issue . . . that the South is our 'economic problem No. 1.'"

Little Proof, Say Dissenters

The majority opinion decided the case on the ground that the high freight rates have impeded the free movement of goods from the South to the North. It dwelt at some length on the paradox of the South's vast natural resources and the low incomes of its natives. But, in the opinion of the four dissenting commissioners, it offered little convincing statistical proof to justify the freight-rate reductions. It seemed to follow the thesis of J. R. Alldredge, who, when

Safe Handling



Now Made of
**YELLOW
STRAND
WIRE ROPE**



MURRAY PLAITED SAFETY SLINGS

Amazing flexibility and strength combine to make Murray Yellow Strand Slings truly "Safety" slings.

Flexibility and "softness" comparable to those of manila rope result from the patented plaiting process. Heavy, highly finished articles such as steel and paper mill rolls are handled without damage. Even crates of plate glass are handled with perfect safety, without cleats to prevent slipping.

The remarkable strength of Murray Safety Slings is the strength of Yellow Strand, the super-wire rope of the Broderick & Bascom Rope Co., makers of nothing but wire rope for 63 years.

Many types of Murray Plaited Safety Slings have been developed for handling a great variety of different kinds of loads. Others are being developed constantly. If none of these meets your requirements, our engineers will design one to fit your needs exactly.

Broderick & Bascom Rope Co.
St. Louis, Mo.

Branches: New York, Chicago, Seattle, Portland, Houston

Manufacturers of all grades and constructions of wire rope, preformed and standard, for every purpose.



Write for this Special
**MURRAY
YELLOW STRAND
SAFETY SLING BOOKLET "C"**

No Cost • No Obligation



YOU'VE seen your dog cover a field with head high and nose a-quiver . . . suddenly from a dead run freeze into a perfect "point" . . . staunch . . . rigid! You couldn't see anything in the stubble in front of him, but you moved up . . . gun ready . . . confident he had game! Confidence too, plays an important part in an efficient transportation service. Every day, thousands of tons of merchandise is sold and delivery promised by shippers and receivers of freight—who have confidence in the dependability of the fast merchandise freight service of the Norfolk and Western Railway . . . shippers and receivers who have learned from experience that merchandise shipped via this railroad—between the Virginia seacoast and the Midwest and between the North and the South—will arrive on time and in good condition. So, the "point" in freight service satisfaction is . . . ship via Norfolk and Western.



NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION

transportation economist to the TVA, reported that prevailing freight rate "boundaries" retarded the economic development of the South. Alldredge's report to the President won him an appointment to the ICC last May; he did not participate in this case, however.

This week, Southern manufacturers

of stoves, ranges, furnaces, and other products affected by the decision were rubbing their hands in anticipatory glee. The Southern textile industry also was highly pleased; it figured it had a good precedent at hand to present next month, when hearings on proposed textile rate reductions come along.

Uncommon Carriers Under Fire

Attacked and defended by railroad groups, the freight forwarder wages fight for ICC regulation, so he can continue to make rate deals with trucks.

THE RAILROAD-TRUCK battle goes on and on, but skirmishes being fought in New York and Washington now threaten to pit railroad against railroad and truck against truck.

These skirmishes concern the middle man between the two. He is the freight forwarder, who, operating on his own, collects less-than-carload consignments from shippers via local trucking companies, combines them into full carloads which are shipped by rail, and then breaks up the carloads into their individual packages for delivery by motor truck at their destination. He also ships via interstate motor truck, but to a less degree.

Forwarders make money because they buy transportation wholesale and sell it retail—charge less-than-carload rates to shippers and get the advantage of full carload rates from the railroads. What's more, they've been able to charge lower l. c. l. rates than the rails could. In 1936, the three biggest forwarders contributed \$58,500,000 to rail revenues, operated in an 18% spread between rates received and rates paid, and eked out less than a 1% net on a \$100,000,000 gross. Their gross this year will run around \$120,000,000.

Roads Divide on the Question

Small as the individual squabbles over forwarders are, they look out upon a much broader issue—the future of l. c. l. freight, the cream of freight revenues, which the railroads as a group have been relinquishing in growing amount to interstate motor carriers as well as to freight forwarders. Some roads, nettled at forwarder competition, are out to recover that profitable item of business for themselves. Other carriers, however, quite content with the forwarder's methods of combining l. c. l. traffic into full carloads for them, are equally determined to let him continue.

The fight in which the railroads are most directly involved hasn't yet sprung into prominence. Recently, the Interstate Commerce Commission permitted the Pennsylvania Railroad and eight associated carriers to compile reduced freight

rate tariffs, to meet forwarder competition.

It did this over the objection of the New York Central, Erie, Chesapeake & Ohio, and three other roads. And while the Pennsylvania group this week was busily working up its tariffs, the New York Central group was simply playing possum, waiting for the time when these tariffs are to be approved, before being put permanently into effect.

The New York Central group has good reason to defend the forwarder; it has found business with him quite satisfactory and profitable. Moreover, the two biggest forwarders, Universal Carloading & Distributing and National Carloading, are indirectly under the wings of these carriers (Universal under New York Central, National under C. & O., Erie, and Pere Marquette), though the rails staunchly deny control because their shares are trusted in two former ICC commissioners.

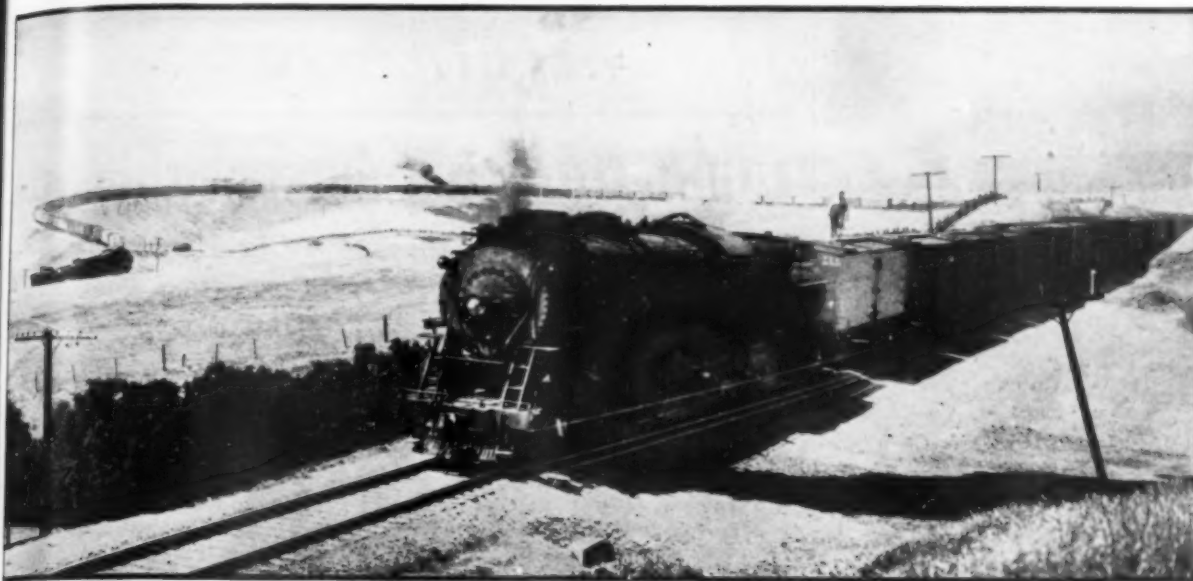
Fighting for Regulation

A second fight is led by the big independent forwarder, Acme Fast Freight. Previously Acme, which owns no trucks, had applied to the ICC for a certificate to operate as a common carrier so that it could make special rate arrangements with truck carriers. Last summer, the ICC turned down Acme's application, ruling it neither a common nor contract carrier, and hence not subject to ICC regulation.

In addition, the ICC took action to prevent Acme from filing its tariffs with the commission. And pending further developments it appears that the commission will dish out the same medicine to Universal and National.

At the moment, Acme is contesting the decision in the federal court in New York. By its action, it presents the rare spectacle of a corporation going to court and fighting for government regulation of its business. And as such it is a very uncommon carrier.

The issue pivots dizzily about the question of whether a common carrier in common law—which Acme, Universal and National are—is a common carrier



Snaking their way across the country to an undesig-nated destination, approximately 67 of the 99 cars on this Pacific Fruit Express—according to past perform-ances—will be diverted en route. The P. F. E. handles many perishables without any definite delivery point,

informs shippers by telegraph of the location of their cars. Shippers study the markets, decide where to deliver produce while the train is en route. Of the 38,000 cars handled annually by P. F. E., about 23,000 are thus diverted.

under the Interstate Commerce Act. In other words, should these overriding or indirect carriers be entitled to the same regulation as a direct carrier? (The ICC has repeatedly urged regulation of freight forwarders; under the present act it administers, however, it feels that there is no provision for them). And pending the court's decision in the case, the ICC is holding its Acme order in abeyance until Jan. 10.

If the ICC can make its order stick, forbidding the filing of tariffs, the ruling will mean that forwarders may lose much of their present competitive advantage. No longer will truck common carriers be permitted to make concurrences (agreements) with them concerning rates.

ICC Fights Chicago Decision

But the forwarders have an ace up their sleeves, in the form of a Chicago federal court decision. This decision outlawed an ICC ruling which forbade truck common carriers from granting forwarders proportional rates. Some forwarders feel that if this decision holds water, substitution of proportional rate arrangements will in time counteract the loss of concurrences—if the latter are eventually outlawed. Meanwhile, however, the ICC intends to battle the Chicago court's decision right up to the Supreme Court.

The fuss over forwarders will be further accentuated next month when a Senate interstate commerce committee investigation is expected to come up. At that time, too, the joint report on the transportation bill held over from the last session of Congress (BW—Aug 5 '39, p16) will be reported out of committee.

Forwarders hope that in the bill that

finally emerges a provision will appear placing them under ICC supervision. At present, only the House version of the bill does this. That would solve most of the forwarder problem. Until then, however, a very good fight is in view.

Growers' Life Line

Pacific Fruit Express Co. in spotlight with \$10,000,000 program of refrigerator car repair.

TRANSPORTATION to eastern markets is the life line of the large-scale fruit and vegetable industry of the west. Because of this, announcement by Pacific Fruit Express Co. last week that \$10,000,000 would be spent for rebuilding and repairing refrigerator cars during the first six months of 1940 was big news to interests allied with production and distribution of perishables.

Some 2,300 cars have been rebuilt so far this year by P.F.E. By July, 1940, another 2,500 will be readied for the seasonal rush peak. The company has spent something like \$21,000,000 for 5,700 new refrigerator cars in the last 10 years and is now building 25 so-called super-giant cars (nothing new, but just jumbo-size cars) at a cost of \$150,000.

Rebuilding a refrigerator car means replacement of the box part with an entirely new superstructure. The only parts of the original car that go into the rebuilt unit are the underframes and trucks.

Last week the P.F.E., usually very reticent about its operations, revealed a few colorful items of information. It now

claims to be the world's largest operator of refrigerator cars, with 33 years of experience in hauling the west's perishables to market. It was organized jointly by the Southern Pacific and Union Pacific in 1906 with 6,600 cars and an office force of three persons. It now has more than 3,000 employees in peak seasons; owns 17 manufacturing and two natural ice plants, and has icing platforms to handle 3,758 cars simultaneously.

Under P.F.E. schedules, refrigerator cars loaded with perishables during the day are moved to established concentration points. From these, trains begin to move eastward every morning at 3 A.M. for guaranteed arrival in Chicago on the morning of the seventh day. The schedule allows a leeway of 16 hours so that cars delayed in reaching concentration yards will be hauled into Chicago early on the seventh morning.

Maneuvering for Markets

Model railroad fans who like to shunt freight cars around a complicated system of miniature tracks might ponder this:

The P.F.E. schedule permits shippers to change their minds about destination while the train is en route and to divert their produce to the most favorable market. Many perishables are handled by P.F.E. without a definite delivery point.

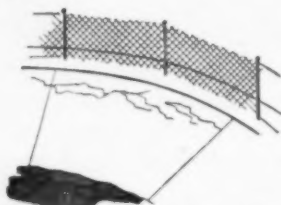
Shipper and consignee are kept informed by telegraph of the location of their particular cars and while the train rolls eastward, the shipper studies markets and makes up his mind where his produce is to be delivered. Of the 38,000 cars handled annually by P.F.E., about 23,000 are diverted en route—6,000 of them twice, 3,000 three times.

KOPPERS ENGINEERS FIND REMEDY

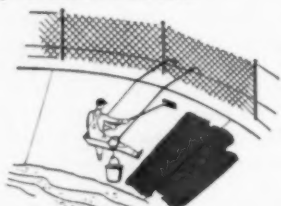
FOR ICE DAMAGE
TO RESERVOIR WALLS



IN MANY CITIES where the water supply is stored in concrete reservoirs, the reservoirs are pumped full in the evenings and the pumps are turned off for the night.



IN WINTER, the reservoirs freeze over. In the morning, the sudden drawing of water in thousands of faucets may cause the water level in a reservoir to drop as much as 10 feet.



THE ICE BLANKET may crack and fall, too, often tearing out sections of the concrete reservoir walls. Called in, in such a situation, Koppers engineers devised a method of painting the upper 10 feet of the reservoir walls with Koppers HP Primer and Koppax Black Dampproofing Paint to form a smooth surface to which the ice does not readily adhere.

LET KOPPERS SOLVE *Your*
PROBLEMS

Koppers engineers, dealing with the following Koppers products, may help you solve some problem in your business: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Material-handling Systems, Pressure-treated Timber Products, Tarmac Road Tars, Roofing, Waterproofing, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

K O P P E R S

UTILITIES

Utilities Eye Washington Uneasily

Talk of Ickes superpower grid program, row over securities, and latest death sentence gossip are among the irritants as policy conferences begin.

PUBLIC UTILITY executives and engineers—one group of them after another—have been visiting Washington this week to talk to the National Power Policy Committee. From now until a few days before Christmas other such groups will be calling on Chairman Harold Ickes and his fellow committee members. They're going to Washington to find out what the government says is still to be done in providing the country with adequate peacetime electric power—or, if emergency arises, with power for national defense.

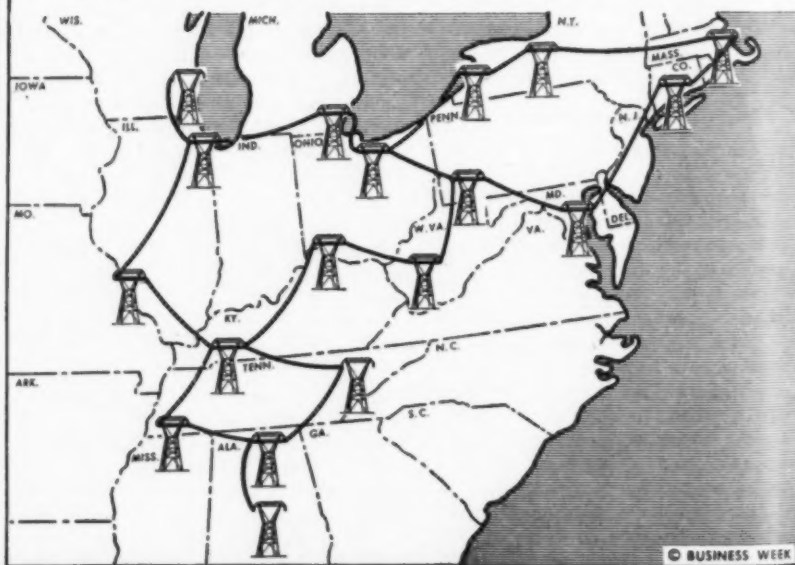
These utility men represent all the leading industrial regions east of the Mississippi River, and none of them has been relishing this trip to Washington. They went through all this only a few months ago. At that time it was Louis Johnson before whom they appeared, and they agreed with him upon a tentative program. That plan, however, apparently wasn't elaborate enough to suit certain Administration advisers, so a new power coordinating committee was set up under the Secretary of the Interior, who has an

impeccable record as a public-utility hater.

Before these utility representatives were called to Washington, they were given to understand that Sec. Ickes had a gigantic superpower grid program to shoot at them. It involves a power loop interconnecting the industrial areas of New York and New England with Philadelphia and Pittsburgh, thence westward through Ohio, Michigan, and Illinois into Wisconsin, south to St. Louis and the Illinois coal fields, tying into the Tennessee Valley Authority's lines and supplying Birmingham, and finally swinging north through West Virginia and back into Pennsylvania. It would tie intrastate companies onto interstate lines, thereby exposing them to further federal regulation.

If Congress approves the St. Lawrence waterway project at the coming session, the backbone of the superpower project would be interconnection from Niagara's vast power resources through the coal fields of Pennsylvania and West Virginia

THAT SUPER-POWER GRID—FOR PEACE OR WAR



Ample power for any emergency. That's the talk of Washington's power planners who advocate interconnection of electric properties throughout the industrial East and Midwest on the vast scale depicted in this map.

sily

row
are

ic-utility

entatives

ey were

ckes had

gram to

wer loop

areas of

ith Phil-

ce west-

and Illi-

t. Louis

into the

nes and

y swing-

nd back

e intra-

e lines.

e federal

awrence

session,

project

niagara's

he coal

Virginia

R

WEEK

power

at the

the TVA lines. Some of the government engineers are convinced that the hydroelectric power of Niagara and the Tennessee Valley should be supplemented by at least four new steam stations of large capacity to be located right at the mouths of the coal mines in the interest of cheap and abundant fuel. Mainly, there would be hundreds of millions of dollars involved. "Where," the power men, "would the money come from?"

Sam No "Senior Partner"

Jack Sam would foot the bill for ultimate exploitation of the Niagara and rapids of the St. Lawrence. He might finance the utilities money for the interconnecting grid, and for the pit-head steam stations. And the utility operators know that they would have to agree to such a program or face the probability that the federal government would put it through. They figure that, either way, Jack Sam would become senior partner in the industry. They don't want that. At a press conference on Friday of last week, President Roosevelt said there was truth to the stories of big stand-by power plants. He indicated that there is an immediate need for the superpower, but he left the clear impression that some such interconnection, relying only on TVA, is regarded as desirable only if not imminent.

The utilities might have derived more assurance from the President's remarks if it had not been for the fact that there had been a series of anti-utility flare-ups in governmental circles over the last few weeks. Power executives find it difficult to regard these as coincidental. Little things like the declaration of David Lilienthal, TVA director, that Commonwealth & Southern's Alabama Power Co. hadn't been doing its duty in construction in rural lines.

Facing a War of Nerves?

Equally disturbing is backstairs gossip about the prospect for enforcement of the "death sentence" clause in the hold-company law. Two or three months ago, every indication from Washington was that it would be done with reasonable speed but without a crackdown. Then a suspicion has been developed that tactics are more along the line of a war of nerves in which the prospective victims are being left to sweat.

The row of the last few days over sale of securities by Consumers Power Co. is another instance of dissension which may not be of any vast importance to the future of the utility industry but which has been bitter enough to shorten tempers. This episode started when Consumers Power undertook to market \$94,000 of first mortgage bonds publicly and to sell 125,000 shares of its common stock to its parent company, Commonwealth & Southern. Morgan Stanley & Co. and Bonbright



The New Full-Duty VICTOR PORTABLE STANDARD ADDING MACHINE

Hand-size in weight; man-size in work—the new Victor Portable brings a great new convenience for all departments of any business. Performs every function of large, costly adding machines, yet is so compact that it may be carried in one hand.

3 MODELS AT 3 LOW PRICES: All in the same compact streamlined case—no larger than your desk telephone. Each with a totalling capacity of *Ten Times the Keyboard!*

New Low Prices on Victor Electrics

From \$114.50 up—with direct subtraction for only \$149.50. The famous Victor Line now includes machines designed and priced to serve every business, large and small. Write—or mail the coupon for the full story on new Victors.

\$47⁵⁰
Capacity
9,999.99

\$55⁰⁰
Capacity
99,999.99

\$70⁰⁰
Capacity
9,999,999.99

VICTOR ADDING MACHINE COMPANY

Adding Machine Specialists Since 1918

3900 N. ROCKWELL ST. • DEPT. B-12, CHICAGO, ILL.

Tell me about the new improvements and new low prices on Victor Adding Machines.

Name

Address

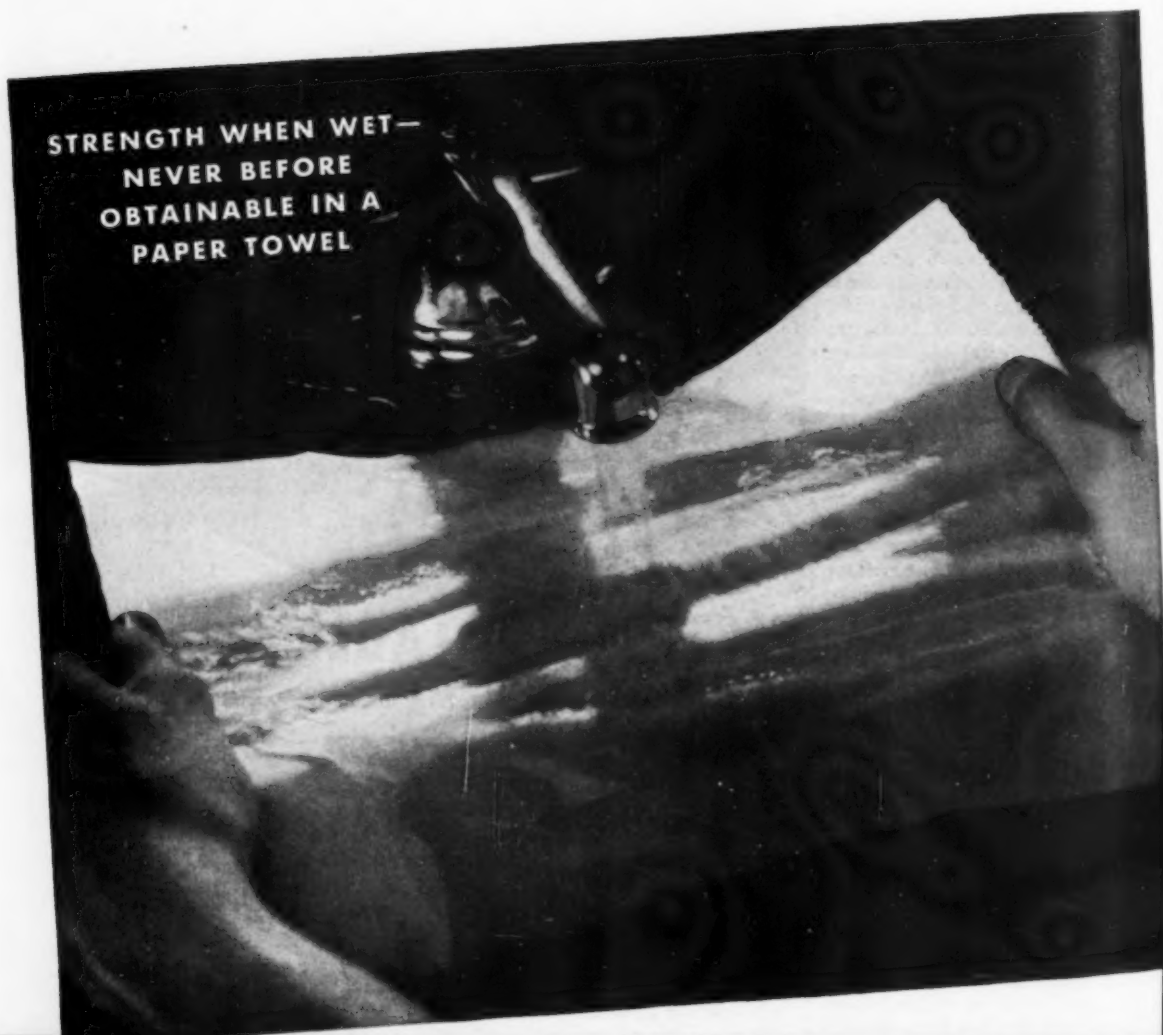
City State

— The name of my favorite office equipment dealer is given below. —

AQUALIZED

(An exclusive wet strength process)

STRENGTH WHEN WET—
NEVER BEFORE
OBTAINABLE IN A
PAPER TOWEL



THE AQUALIZED FEATURE CREATES THESE ADVANTAGES



WET STRENGTH

Won't disintegrate when wet. Eliminates towel waste.



ABSORBENCY

Quickly absorbs every bit of water. So *one* wipes dry.



NO FUZZ OR LINT

Fibres are welded in place. No "towel dandruff."



SOFTNESS

Soft and cloth-like. Never harsh. Pleasant to use.

An exc
elimina
tendenc

The m
Aqualiz
Aqualiz

As a
with the
for abso
fuzzing

With
possible
can be—
better t
costs ac

See A
greatest
name is
Compan



D achieves an entirely New Paper TOWEL ...stronger when wet

An exclusive, laboratory-born process has at last eliminated the common fault of paper towels—their tendency to dissolve and fall apart when wet.

The name of this amazing accomplishment is the *Aqualized process* . . . and is to be found *only* in Aqualized Towels.

As a result, Aqualized Towels astonish everyone with their strength when wet, their unusual capacity for absorbing water from wet hands without tearing, fuzzing or breaking down.

With Aqualized Towels, a wholly new economy is possible in the washroom. For every Aqualized Towel can be—and *is*—fully used. Towel waste is eliminated, better towel service assured and lower washroom costs achieved.

See Aqualized Towels for yourself . . . and see the greatest advance ever made in paper towels! The name is *Aqualized*. Manufactured solely by Brown Company, 420 Lexington Avenue, New York, N. Y.

WHY "AQUALIZED" IS A BUY-WORD

1. All paper towels are made from wood cellulose. Brown Company, manufacturer of Aqualized Towels, is also the foremost producer of purified wood celluloses.
2. Brown Company has *complete control* over its raw material, so that at no time can outside circumstances interfere with the maintenance of rigid quality standards.
3. Highly specialized celluloses—exclusive developments of Brown Company—are used to produce finest toweling.
4. The basic cellulose materials used in these towels are White Husky Cellate and Sulphate pulps, both made from selected Northern Spruce.
5. This basic, quality material is then given the Aqualized process—sole property of Brown Company—to *weld* the fibres into a strong, soft, cloth-like towel.



SPECIFY NIBROC AQUALIZED TOWELS The Aqualized feature is now available in the well known NIBROC brand of paper towels. Sold by leading paper merchants throughout the United States and Canada.



AQUALIZED TOWELS

REG. U. S. PAT. OFF.

SALARIED POSITIONS

Individualized
Organized
Advertising
Service—

We carry on preliminary negotiations for positions paying from \$2,500 to \$25,000. 30 years recognized standing and reputation.

The cost is small... your retaining fee protected by refund provision. Identity covered and present position (if employed) protected.

If your salary has been \$2,500 or more, send name and address for details.

R. W. BIXBY INC. 282 DELWARD BLDG.
BUFFALO, NEW YORK

Experienced Travelers Say!—



IN ST. LOUIS STAY AT
Hotel Lennox
DOWNTOWN, GOOD PARKING
GOOD FOOD AND REAL SERVICE

ALL ROOMS WITH BATH—RADIO RECEPTION

• OKLAHOMA •
Do You Need ?
Representation Here ?

Inquiries Invited

HOWARD E. MELTON, INC. 1017-19 N. Harvey
Oklahoma City, Okla.

Steels That Stimulate PROGRESS



Serves Your Requirements

Every fabricator of cold rolled strip steel is limited by definite production costs on each job and must deliver certain prescribed qualities in his finished products.

Dictated by these requirements, the specifications for his individual steels must be written. By specifying ThomaStrip he can be sure that the steels will be "his steels"—match the details of his order and perform dependably in his shop practice.

ThomaStrip has a wide reputation for being faithful to exacting requirements. Produced in a highly modernized mill with many exclusive Thomas Methods, it is processed under scientific control to meet the wide variations in manufacturers' needs.

This organization will capably supply you with the particular cold rolled strip steels that will best serve your plant and your customers.

THE THOMAS STEEL CO.
WARREN, OHIO

BRIGHT FINISH UNCOATED, AND ELECTRO COATED IN
NICKEL, BRASS, COPPER, BRONZE, ZINC, AND TIN

& Co. were the investment bankers who were to head the underwriting syndicate for the bonds. The parent company was to take the stock at book value of \$28.25 a share.

The fun started when Otis & Co. of Cleveland—prominent with Halsey, Stuart & Co. of Chicago in calling for competitive bidding to break Wall Street's dominant position in underwriting—said it would top the bids on these securities. Particularly, the Cleveland firm said it would go much higher than \$28.25 a share on the Consumers Power common.

This talk about a better price for the stock, financial circles figured, was just an adroit way of getting a crack at the bond issue. But it fell on fertile ground. Sen. George Norris, Public Power Man No. 1, took up the cudgels. He at once hit upon the idea of the public utility industry going back to what he called its old tricks of "robbing its subsidiaries."

It all made headlines. Wendell L. Willkie, C. & S. president, could explain as he might that his company was conforming with a Securities and Exchange Commission recommendation; that C.&S. offered \$60 a share for Consumers Power stock

Traveling Lab



General Electric's new Street Lighting Evaluator is a traveling laboratory consisting of a sample strip of pavement mounted on the hood of an auto, a glare collector, above the windshield, and a control box inside the car to record, at any particular spot, the brightness of the pavement, of objects on it or nearby, and amount of glare coming from the roadway lighting system—all important safety factors in night driving.

on a prior occasion but the SEC said \$27.50, the book value; that the whole idea of this sort of transaction is to protect the public by preventing holding companies from inflating the value of their investments.

The wrangling in the public prints got more and more acrimonious. Soon investment dealers in Ohio and Michigan were asking the SEC for the right to intervene in the Consumers Power hearings. They charged that they are frozen out of participation in new securities flotations by the Wall Street monopoly.

Will Tension Affect Their Policy?

These and similar irritants were under the skins of the utility men as they began this week to confer with the National Power Policy Committee. They were disappointed that a peace which got under way with settlement of the long conflict in the Tennessee Valley seemed to be seriously disturbed. They had hoped that contracts signed between utilities and Nebraska's "little TVA," and with the Bonneville authorities, might still further reduce friction.

Now, however, they just don't know what to think. And they're once again wondering if their expansion budgets which may run anywhere from \$550,000,000 to \$700,000,000 in 1940, are advisable under the circumstances.



"I wish I were TWINS!" *

* An incident from Statler service record, with names changed, of course.

IT was nearing noon and the usual throng of early lunch-goers kept the revolving doors of our Cleveland house spinning merrily. It is inspiring, we thought, to see how good food can draw people from all parts of a great city. But suddenly, we were called to the telephone—Mr. George Warner, a frequent guest of Hotel Statler, was calling from Pittsburgh.

"Today I wish I were twins," he said ruefully. "Here I am in Pittsburgh and I can't possibly leave. Yet, someone has to take care of an important matter in Cleveland at noon today."

"Perhaps we can help," we suggested.

"That's why I called you," was the prompt response. "I knew I could depend upon you." Thereupon he explained that his bid for a large coal contract would be opened at twelve o'clock. "Now what I need is a stenographer—an expert one—to go to their office at noon and take down the proceedings. I can't explain all the reasons for this, but it is very important. What can you do for me?"

Our answer was to press the buzzer for our secretary. . . .

Two hours later we were able to call Mr. Warner on the long distance telephone and read him all the details of the proceedings.

Such things don't happen every day, of course, but this little story is indicative of the *spirit* of Hotels Statler, the spirit that regards our guests as our friends, that makes their problems our problems. Experienced travelers have come to depend on every Statler employee to think things through, to render those *extra* services which mean so much to people away from home.

Stay HOTELS STATLER

BOSTON • BUFFALO • CLEVELAND
DETROIT • ST. LOUIS

HOTEL PENNSYLVANIA • NEW YORK
(Statler-operated)

Bonneville Still Seeks Customers

Even Portland contract only boosts total contract output to about 32% of capacity. Administration surveys progress, tries to line up Public Utility Districts.

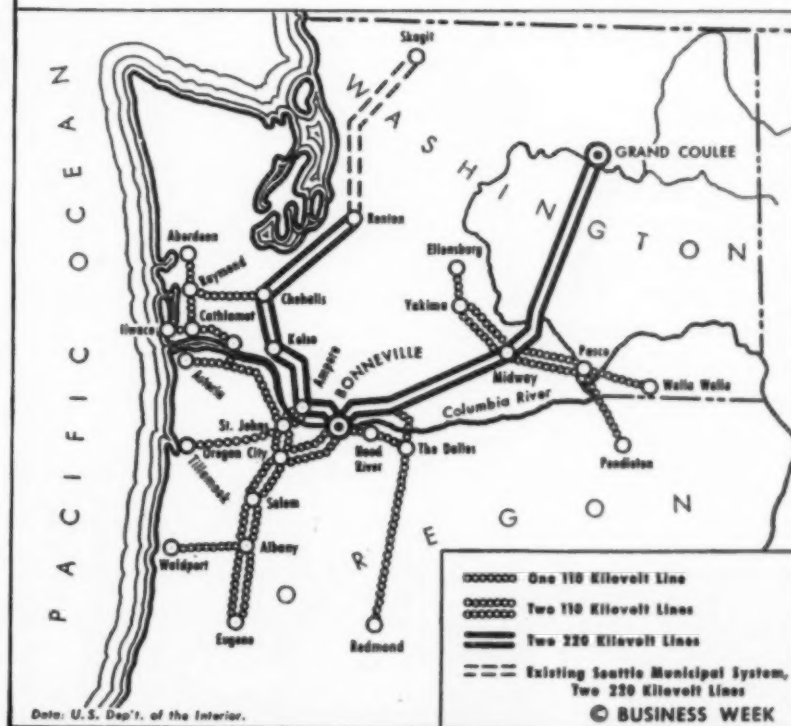
BONNEVILLE HAS SIGNED its first large power customer—the Portland General Electric Co. Important to Bonneville is the fact that the private utility will contract for something less than 25% of the big federally-financed project's output of electric energy, and utilities the country over are rejoicing that another long stride has been taken to avert competition to extermination.

Yet as both factions in the public power experiment congratulate themselves on a measure of success, Bonne-

ville still is confronted with a big problem in finding a market for its power output. It's a project which, if completed as now conceived, will cost \$72,000,000. It has 90,000 kw. of installed capacity. Yet it has been selling less than 10% of its potential output. Even with its new customer, it will be disposing of only about 32%.

Both parties to the new Portland contract hope that a permanent or long-term arrangement can be made before Aug. 1, 1940 and have provided that they shall

POWER PATTERN FOR THE NORTHWEST



This is the federally-financed power system, as now conceived, to carry Bonneville and Grand Coulee juice to the Northwest. The principal lines already constructed are those from Bonneville to Portland and from Portland to Eugene. Smaller completed lines include the Aberdeen-Cathlamet-Illwaco hookup. All the

others shown on the above map are now under construction except those from Albany to Waldport, from The Dalles to Redmond, and from Pasco to Walla Walla. These latter three remain in the proposed category—along with several long-range extensions which won't be undertaken for another five years or so, if at all.



NO MOVIES! No play with the children! Just dinner and then sleep in the chair. All day long he lifted the back-breaking, energy-sapping, muscle-straining loads...

WHY? Because his employers do not know that a small portable "Budgit" electric Hoist will lift the burdens for him, will take the strain from his aching back—and do it all faster and at lower cost.

HE SHOULD TELL THEM! They should know. A letter to us would bring all the information about this wonderful new Budgit hoist that you simply hang up and plug into any electric socket.

If you lift much in your daily work, if you employ men who do, send to us for description of Budgit Electric Hoists with capacities from 250 lbs. and from \$119 up.

Manning, Maxwell & Moore, Inc.

Shaw-Box Crane and Hoist Division

930 Broadway, Muskegon, Michigan



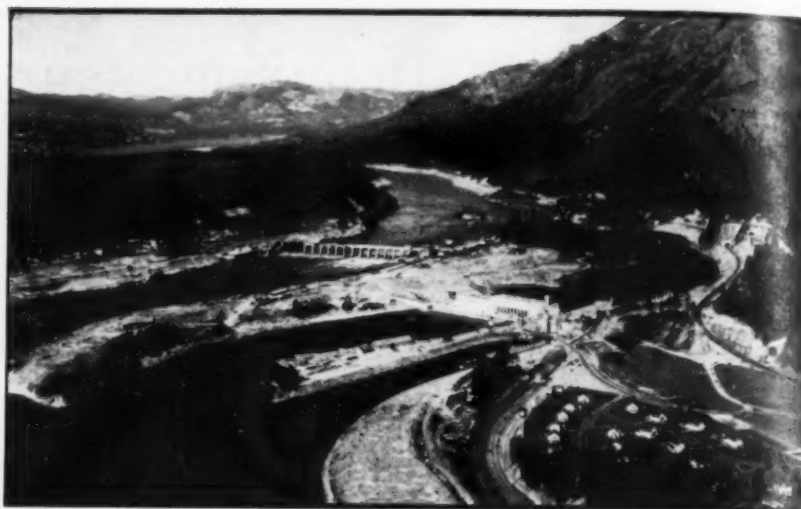
Business Week makes an ideal Christmas present for business executives. One year—\$5; three years—\$10.

The Smooth Action Pencil Redipoint

HELP TURN INQUIRIES INTO SALES WITH REDIPOINT

BROWN & BIGELOW
Remembrance Advertising

ADVERTISERS ST. PAUL, MINN.



Northwest businessmen are wondering if Bonneville Dam is another TVA.

negotiate as quickly as possible on a further and permanent agreement.

Electricity will cost Portland General Electric \$17.50 a kilowatt year for firm power and $2\frac{1}{2}$ mills per kilowatt-hour for surplus energy. The company will receive and pay for 10,000 kw. of firm power until June 1, 1940 and 20,000 kw. from June 1 to Oct. 1, 1940. No resale rates are specified, but Franklin P. Griffith, president of Portland General Electric, expects to have rate reductions on customers' December bills. However, company officials emphasize privately that improved business, rather than any possible savings from the Bonneville contract, is counted on to permit the rate cut.

Study Chances for New Industries

Even if the Portland agreement is set up on a permanent basis, Bonneville authorities are still far, far away from a solution of what to do with all the juice their dam can generate. Thus far, four committees, state and national, have studied the market for Bonneville's power (*BW*—Mar 6 '37, p. 46) and the additional kilowatt hours which will be available upon completion of Grand Coulee Dam. And now Bonneville has set up its own department to collect data on the prospects for new industries—data on local sources of raw materials, on locations, on technical processes, on transportation, on labor, on taxes, on markets. This department claims to have made favorable contacts with several industrial concerns which cannot be named because of competitive factors involved. In the fields of metallurgy and chemicals Bonneville sees its greatest opportunities.

Scanning terms of the contracts which have been concluded under Dr. Paul J. Raver, new Administrator, business men of the Northwest once again are asking themselves if the TVA experiment isn't being repeated in their own backyards.

Pressure is being applied first on

municipalities owning their own generating or distribution facilities, and second on Public Utility Districts to sign up for Bonneville power with the stipulation in the contract that these PUD units shall charge certain prescribed resale rates, or else. This means, observers say, that control of the power policy of these municipalities might easily pass from local self-government to the federal government through the Bonneville Administrator and beyond him to Secretary Ickes.

One Small Community's Story

Business observers point to Forest Grove, Ore., as an example. The town is a small but old, conservative and financially stable community of some 2,000 population, 35 miles west of Portland. Here a long established municipal power system with 500 kw. in diesel generating capacity was successful in paying off most of its municipal power debt at substantially higher rates than were charged to farm customers of a private company just outside the city. When this was accomplished, rates were lowered to a point comparable to those in the surrounding territory. Profit from the power operation has been turned over to the general fund, thus reducing local taxes to defray other municipal costs.

Approaching this situation, Bonneville persuaded the city fathers to accept a contract for the purchase of all power requirements (750 kw.), reduce resale rates 30 to 40 per cent, stop merging power profits with the general fund (except as to limited amounts) and to follow the Federal Power Commission uniform system of accounting. Alternative is cancellation of the contract on "reasonable notice"—not longer than 18 months. Observers point out that this agreement tends to dictate the city's fiscal policy from Washington, since all the Bonneville contracts are subject to approval there.

Bonneville has signed contracts re-

cently on a when, as, and if basis, with three PUD's in the state of Washington, where there are 25 such districts organized and spending tax money, no one of which is ready to render service to customers. This leaves the Bonneville score at present: Signed contracts with quiescent PUD's, 2,100 kw.—not being taken; one permanent customer, Cascade Locks, 225 kw.—now taking a portion of this; one immediately prospective customer, Forest Grove, 750 kw.—presumably to be taken soon, since arrangements have been made with Portland General Electric Co. to borrow that company's lines; one temporary customer, Northwestern Electric Co. of Portland, which has been taking varying amounts of power on a contract expiring Dec. 31; and now Portland General Electric.

Issue Coming Up in Primaries

The contract for the Portland utility has been hanging fire during three Bonneville administrations. Public power advocates have initiated a movement to form a PUD out of the city of Portland, which comprises a large part of the company's territory, and this will be voted on at the May, 1940, primaries. Bonneville argues that its short term contract is the best way not to take sides in this local controversy, but does not publicize the fact that such a contract will be a boon to the practical administration politicians when Bonneville's accomplishments are weighed before 1940 elections.

The Bonneville administration has been working on other municipal power systems in the territory to effect similar contracts, notably Eugene, McMinnville and Canby, in Oregon, Seattle, Tacoma, Centralia in Washington, and lesser towns in both states. McMinnville with diesel generating equipment appears to be waiting to see how the neighboring "guinea pig," Forest Grove, fares. Tacoma and Eugene are holding out for rates lower than any Bonneville has yet published. Seattle, already materially overbuilt as to power capacity on the Skagit, is considering a tie-up with Bonneville.

"Strategic" Town Holds Out

Eugene is in a peculiarly strategic position since the Bonneville line from Vancouver, Wash., southward through western Oregon is nearly completed with a substation at the Eugene end, yet no contract thus far offered by Bonneville has been accepted. Latest dispatches from Eugene indicate that the city's contemplated investment of \$480,000 in an addition to its steam plant (even with liberal allowances for operating, interest and amortization) will save \$111,000 on the best of Bonneville's offers.

Meanwhile, the Bonneville administration is proceeding with construction of its network of high tension transmission lines blanketing Oregon and Washington and tying together federal and municipal power projects.



Manufacture in the West to Serve the West

IT PAYS

to manufacture in the West to serve the West... because of economies in manufacturing and distribution... because of increased goodwill for a western-made product.

With a plant in the Metropolitan Oakland Area you can save 10 days or more over delivery from the East... hence better service to your customers.

This is the logical distribution point from which to serve 13,500,000 Westerners... with purchasing power 30% greater than the United States average.

Transportation center of the West... mainland terminus of three transcontinental railroads... superior ocean, river, truck and air shipping facilities. Let us prove that this is the logical location for your branch factory or distribution plant. Ask for booklet of industrial facts, figures and photographs. Then, if desired, we will prepare a confidential *Special Survey* covering your particular operation... without cost or obligation.

And we will give you or your representative every assistance in making an *On-the-Ground Study* of western manufacturing conditions and markets and distribution, as well as industrial sites.

Write today for booklet "The Natural Industrial Center of the West."

METROPOLITAN OAKLAND AREA
387 Financial Center Building, Oakland, California



Western branches of 150 nationally known concerns are located in the Metropolitan Oakland Area



Portion of main business district. Beyond, Lake Merritt with its parks and residences

**METROPOLITAN
OAKLAND AREA**
CALIFORNIA

*Alameda, Albany, Berkeley, Emeryville, Hayward, Oakland, Piedmont, San Leandro and the Rural Communities of Alameda County



The NATURAL INDUSTRIAL CENTER of the WEST



"Ask the man who owns an Iron Fireman," says O. Coolican, president of Packard Washington Motor Car Company, who has owned six Iron Fireman stokers.



IRON FIREMAN saves Packard dealer \$1700 a year

For his Washington, D. C., Packard patrons, O. Coolican must provide the *finest* heating. He does it, with Iron Fireman firing... and saves money in the bargain! Seven years ago Mr. Coolican installed three Iron Fireman stokers in the building he then occupied. In 1937 his organization moved to the present quarters, threw out the liquid-fuel burners installed there, and bought three *new* Iron Fireman stokers. Fuel costs for heating this building, with the competitive fuel, had averaged \$4300 a year. Iron Fireman cut the fuel cost to \$2600—a cash saving of 39%, or \$1700.

Find What Iron Fireman Can Save You

Iron Fireman is ready to make an Engineering Survey of your firing. This survey will determine, on an engineering basis, what an Iron Fireman installation will cost you—and how much it will save you. We will work in cooperation with your own engineer, consulting engineer, or fireman. Send coupon below; no obligation.

Iron Fireman commercial heating stoker.



IRON FIREMAN Automatic Coal Stokers



IRON FIREMAN MFG. CO.
Portland, Oregon; Cleveland; Toronto

Mail to 3150 West 106th Street, Cleveland, Ohio.

☐ See us about making an Iron Fireman Engineering Survey of our firing.

Send: ☐ Commercial Heating Catalog.
☐ Industrial Power Catalog.

Name _____
Address _____

PRODUCTION

PRODUCTS · PLANT · PROCESSES

Condensed Library

A. & C. Boni figuring on production of microprint books and projector by next February.

IF ALBERT BONI of A. & C. Boni, New York publishing firm, has his way, you will shelve a 1,000-volume library in the space now taken by ten books. One hundred standard book pages will be printed on a single 6 x 8-in. page, and a book of 400 pages will be compressed into a single four-page folder.

The Boni firm expects by next February to have begun the production of the "Readex Library" of microprint books and the Readex Projector, which makes each microscopic word somewhat larger for the reader than the words in a conventional book.

The Mr. Boni who is steering the new project through its pioneer stages has no thought of competing with the "Pocket Books," "Triangle Books," and "Red Arrow Books" which have locked horns in the highly competitive little book field (BW—Oct 28 '39, p. 34). Nor will he compete to any measurable extent with microfilm copies of rare books sponsored by American Library Association, of Chicago, and American Documentation Institute, of Washington (BW—Jul 2 '39, p. 22).

The Boni firm had its fling at little books some years ago, bringing out the

Little Leather Library in 1915, the Modern Library in 1917, and the Boni Books (50¢ sellers) in 1929.

Mr. Boni's idea is that there are a lot of booklovers whose apartment homes are not big enough to house 1,000 standard volumes and whose purses are not sufficiently well lined for a \$2,000-\$5,000 book investment. He plans to sell 1,000 books for \$50, which with the essential \$150 projector will bring a home library investment down to \$200. Over-crowded public libraries may well be interested in the fact that microprint books will take very little more space than file cards.

Reading Pages by Rows

Reduced photographically from ten to 17 diameters, the 100 orthodox pages on each page of a Readex book will appear in ten horizontal rows. Both the engraving process and the letter press printing process developed for the venture are secret.

In general, each reduced page will be $\frac{1}{2}$ x $\frac{1}{2}$ in. When blown up in the projector, such a page will fill comfortably the $7\frac{1}{2}$ x 10 $\frac{1}{2}$ -in. "screen" of the projector. If the reader wishes, he can reduce the blowup.

As he finishes each page, the reader will twist a handy knob slightly to bring on the next page. When he finishes a whole row of ten pages, he will twist another knob to bring the next row into position, all of which will take much less time than the telling. Since the projector itself



Albert Boni, New York publisher, looks over his latest venture, the "Readex" microprint book—400 reading pages printed in a single

four-page folder, and a projector to magnify the microprint; 1,000 such books can occupy the space taken by 10 standard books.

consists simply of an electric light source, an uncomplicated lens system, and the racks and pinions necessary for passing from page to page, service requirements should hit a new low for an electric appliance.

A. & C. Boni have more things up their sleeves: (1) If general interest in a more or less specialized book does not seem to justify a Readex edition printed by letter press, they will fall back on a purely photographic process for limited editions; (2) microfilm books can be blown up and read with the Readex projector just as satisfactorily as microprint, permitting the machine to do double duty; (3) and finally, if people insist on doing their reading in bed, A. & C. Boni will bring out an ultimate in luxury and laziness: a special projector to hang over the bed.

At the Chemical Show

War's effect on products and processes is big question before engineers and executives.

ONE QUESTION filled the minds of thousands of chemical engineers and executives who converged on the 300-odd exhibits of the Seventeenth Exposition of Chemical Industries, Grand Central Palace, New York, Dec. 4-9. What new domestic products and process equipment are going to replace the old world's chemicals and equipment now being constricted or cut off by war?

Answers abounded on every side. Three-dimensional, animated displays of raw materials—many of them coupled up with displays of nationally advertised products using the materials—proved that the manufacturers of the non-warring Americas who depend on the chemical industries have small cause for worry. Mechanisms for handling, processing, and packaging revealed new economies in production. Instruments for analysis and process control reached new standards of accuracy.

Laboratories Display Work

Since the 1937 biennial "Chem Show," the laboratories have evolved new materials in countless numbers. A chemically-treated castor oil, for instance, will replace Chinese tung oil in paints and varnishes. The waste liquors of wood pulp production will furnish an almost endless supply of inexpensive lignin plastics. Nitroparaffins, made by treating petroleum with nitric acid, will be applied to the manufacture of plastics, textiles, cosmetic products, rubber goods, and what-have-you.

As the show opened, a committee presented Standard Oil Development Co. with the Award for Chemical Engineering Achievement, made annually by McGraw-Hill's *Chemical and Metallurgical Engineering*.

NEW PRODUCTS

Silver-Stainless Steel

NEWEST of the new products at the Exposition of Chemical Industries this week were two small polished sheets of Silver-Stainless Steel, just rolled by Eastern Rolling Mills, Baltimore, from an ingot poured by Lebanon Steel Foundry, Lebanon, Pa. Significance is that the addition of less than 1% of silver to the customary 18% chromium and 8% nickel of stainless steel produces a material which is "substantially immune to pit corrosion," has superior qualities of "free machining" and freedom from work hardening during drawing and spinning.

Massachusetts Institute of Technology did the research and development work for Chemical Foundation, Inc., 654 Madison Ave., New York City, which controls all licensing. Eastern Rolling Mills will shortly be in commercial production on silver-stainless sheets and shapes. Lebanon Steel Foundry will furnish ingots, billets, and castings.

Beverage Pourer

DRINKS may be poured more quickly and economically when a bottle is equipped with the new Chrome Dome Pourer. George Ulanet Co., 88 E. Kinney St.,



Newark, N. J., builds into it a simple check-flow mechanism which cuts off the flow of liquid instantly and droplessly when the spout is submerged. An automatic flap valve checks evaporation between pourings.

Anti-Slip Stair Treads

A YEAR'S SERVICE on a busy stairway in New York's Times Square subway station indicates that Ten-Lox Anti-Slip Stair Treads, developed by National Bronze & Aluminum Foundry Co., Cleveland, will keep stair climbers from slip-

Advertisement



Arnold Genthe

INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building, 590 Madison Avenue, New York, N. Y.

On YOUR Desk

The GUARDSMAN... a lamp as outstanding in appearance as it is in lighting efficiency. Faries lamps have led in design for 59 years. There are over

200 Models

—including portable lighting for every purpose—from executive's desk to general office, shop or plant—lamps that relieve eye strain and fatigue—help get more work done. Sold by your electrical or office equipment dealer.

FARIES MFG. CO.
S. Robert Schwartz Div.
1014 E. Grand Ave.,
Decatur, Ill.

Faries Lamps
LEADERS IN STYLE AND
LIGHTING EFFICIENCY SINCE 1880



WRITE
for
Literature
PRICES

ping there for years to come. Grains of a wear-resisting abrasive extend throughout the thickness of a strip of tough aluminum alloy, the high thermal conductivity of which causes ice and snow to melt more quickly than usual.

Since oils and greases do not affect the non-skid qualities of the material, it will also be put into Ten-Lox Tread-Walks in various sizes for slippery locations in machine shops, food plants, and hotel kitchens.

Versatile Typewriter Case

TRAVELERS who take their portable typewriters with them will appreciate the Ambassador Multi-Service Case, new product of Portable-Office Case Co., 212 Broadway, New York. The case has two compartments, each with a separate lid. One carries stationery and a desk pad for

hand writing; the other carries a typewriter. By means of a little release gadget, the portable and all the fittings for holding it may be completely removed, converting the case into an "overnight bag."

Roto-Kit

THE FERRIS WHEEL principle comes into play in the new Roto-Kit of Gutterson & Co., 420 Lexington Ave., New York. In its twelve transparent glass containers,



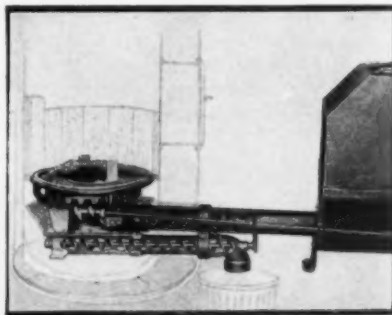
assorted items may be displayed on a dealer's counter or stored handily in home or shop, all in a 6 x 6-in. space.

Oscillating Heater

DESIGNED on the principle of an oscillating electric fan, the 14-in. Roto-Glo Heater of F. A. Smith Mfg. Co., Rochester, N. Y., swings its radiant electric heat from side to side or spots it in one place.

Natural Draft Stoker

NEITHER fans nor blowers appear in the design of the new Cool-Flue Domestic Stoker of Cornell Mfg. Co., Indianapolis. Tests indicate that fine screenings of coal can be used, that chimney temperatures are considerably reduced, and that clink-

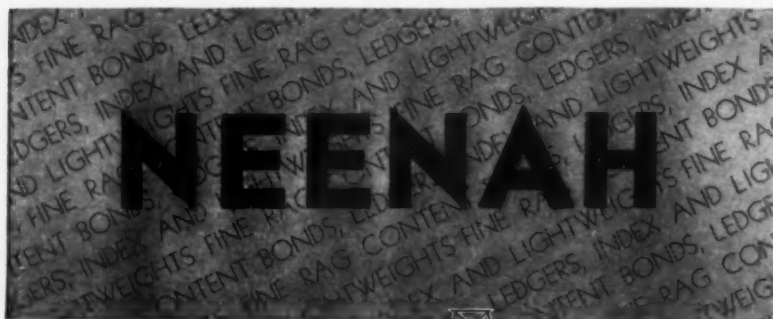


ers are practically abolished. Revolving grates (which can be stoked by hand if power fails) remove ashes, feeding them to a screw conveyor, thence to ash can.

CO₂ Freezer

THE MAKING of "dry ice" in small quantities becomes a simple job in the Snow Man Freezer of C. L. Hill Mfg. Co., 210 S. Avenue E., Cranford, N. J. Connected to a tank of compressed carbon dioxide gas, the little device will make a 3-oz. disk of dry ice in 10 seconds.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS



Look for Neenah in the watermark

Do the myriad claims of a hundred and one different papers confuse you?

Then, among Neenah's fine rag content business papers, you will find the answer to your paper problems.

All we say of them is that each is carefully made by master craftsmen, using only the finest raw materials, in a scientifically up-to-date mill.

Each grade is designed to fill a business requirement—a good product at a fair price.

Ask your printer or lithographer to show you Neenah papers, and to recommend the grades you should use.

Write us for the story of how they are made, and for samples.

Fine Rag Content Bonds, Ledgers, Index and Lightweights

MANUFACTURED BY NEENAH PAPER COMPANY, NEENAH, WIS.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS



YES... IF Planned
FOR COMFORT,
HEALTH AND CONVENIENCE



DO your washrooms reflect respect or contempt for the comfort and health standards of the people who work with you? Dirty, crowded, poorly equipped washrooms breed ill will . . . run up hidden costs, too.

In contrast, today's *planned* washroom is adequate to handle rush-hour traffic. It is well lighted and ventilated. Provided with hot water, soap and plenty of sanitary ScottTissue Towels—such washrooms build good will every day . . . actually save you money.

FREE! "Scott Washroom Advisory Service"
Booklet. We suggest you send for this interesting booklet of efficiency and cost-reducing facts already used to put thousands of washrooms on a satisfactory, economical basis.

Scott Paper Co., Chester, Pa. Without obligation, your booklet, "Scott Washroom Advisory Service."

Name _____
Position _____
Firm _____
Address _____

Copy, 1939, Scott Paper Co.
Trade Mark "ScottTissue" Reg. U.S. Pat. Off.

LABOR & MANAGEMENT

INDUSTRIAL RELATIONS · PERSONNEL · EXECUTIVE POLICY

Silicosis: Tri-State Dust Storm

Report on Oklahoma, Kansas, and Missouri mines stirs controversy about how big an industrial hazard the lung disease is and what can be done about it.

SILICOSIS, that dread disease of the lungs which attacks workers in dust-laden air, came back into the spotlight this week with a rush. From the "Tri-State area" of lead and zinc mines in Oklahoma, Kansas, and Missouri a sizzling report, detailing desperate living conditions among the miners there, provided the punch. And the rejoinders are expected to multiply until the whole matter reaches various state legislatures and Congress itself.

Nobody has attempted to laugh off the charges made by the Tri-State Survey Committee, a branch of the National Committee for People's Rights, headquartered in New York City. Silicosis is bad, and many people in and around the mines contract it. Tuberculosis and syphilis are found in these areas, too, and some people suffer from more than one of the diseases.

Silicosis is no new problem to government agencies or the general public. Back in 1913, more than 26 years ago, operators in the Tri-State area (largest lead and zinc district in the country) asked the U. S. Bureau of Mines and the Public Health Service to study conditions. Samples of dust were taken in this first silicosis survey ever made in the U. S., and a report came out in 1915 recommending improved ventilation, dampening of drilling sites where feasible, and the avoidance of dust-producing methods of work.

Medical Service Set Up

A further study about a decade later produced recommendations that employees be examined prior to employment and each year thereafter. A clinic was set up in Picher, Okla., by the Bureau of Mines, the Tri-State Zinc and Lead Ore Producers Association, and the Picher Post of the American Legion.

In 1927, the Metropolitan Life Insurance Co. joined the industry and the Bureau of Mines in expanding the medical service, and from then until 1932 the clinic examined 27,553 miners. It was found that 5,366 of the men had silicosis, 742 had both silicosis and tuberculosis, and 320 had tuberculosis but not silicosis.

While various agencies were plugging

away trying to make conditions better in the Tri-State area, a six-year West Virginia battle against silicosis stirred public interest to fever pitch. This was the famous Gauley Bridge case, where silicosis struck a community of workers on a hydroelectric tunnel project in 1930-31.

Suits, Hearings, Laws

In 1933 there were 300 suits for silicosis damages filed against the contractor, and in 1934 a new crop. By the time 1936 rolled around (*BW—Feb 1 '36, p36*), charges of racketeering by "enterprising lawyers" hung in the air as thick as the silicosis-bearing dust around the drillers and shovel men. West Virginia passed new employee compensation laws; a special Congressional committee held hearings; Sec. Perkins of the Department of Labor called a national conference.

Dr. R. R. Sayers of the Public Health Service estimated that 1,200,000 persons worked at trades which exposed them to silicosis danger—most of them in mining, construction, and abrasive industries, but many in foundries, machine shops, chemical plants, glass works, potteries, and anywhere that operations involved grinding, scouring, buffing, sawing, or other dust-producing methods.

New vigor came into the research, prevention, and treatment of silicosis. One of the most promising developments was the formation of the Air Hygiene Foundation, representing scores of companies and working closely with the Mellon Institute in Pittsburgh. Incidentally, as the current Tri-State clamor was rising last week, the Air Hygiene group was studying industrial health problems in its annual meeting, with 247 executives, representing 101 companies and employer organizations, in attendance.

Report Anticipates Arguments

The Tri-State Survey report, which its sponsors say is merely preliminary to further inquiry, is a volume of some 120 pages filled with case studies and pictures of squalid, poverty-stricken homes, of unsanitary living conditions, of men and women badly broken in health.

In reciting the alleged abuses of mine operators, the committee has attempted

Southward Bound—In a Hurry



THESE TWO NEW streamliners streaked out of New York on the split second on the same day last week, bound for Miami on new 25-hour schedules. The Silver Meteor, on its inaugural run above, is one of two seven-car, stainless steel trains purchased by Seaboard Railway from the Edward G. Budd Mfg. Co. The Champion, leaving Pennsylvania station below is one of three stainless steel trains bought

from Budd by Atlantic Coast Line and Florida East Coast Line, for a joint run. The trains have a top speed of 117 m.p.h. and are powered by 2,000-horsepower Diesels. Another Budd streamliner, the Henry M. Flagler, which will run on a six-and-one-half hour schedule between Jacksonville, Fla. and Miami, also went into service for the Florida East Coast Line on the same day as the other trains.



to anticipate the rebuttal. It acknowledges that workers often neglect the safety precautions which would minimize the dust hazard, but it points out that the administration of safety methods often encourage that neglect. For example, wetting down the muck to curb dust is a desirable method of silicosis control, but the committee points out that "the working hours of these men are limited by regulations, and they receive their pay on a piece-work basis. . . . Under these conditions, delegating the responsibility for wetting-down the muck to the shovelers is tantamount to asking them to finance the mine dust control program."

Again, the committee anticipates the argument that statistics will show a retardation of the disease. It declares: "The present practice of weeding out cases of silicosis as they become advanced would obviously result in lowering the

incidence of silicosis in the group of men employed at any given time by a considerable degree, by comparison with the groups of men who were examined in 1928 and 1929." And the committee goes on to say that the policy of refusing to hire men who have silicosis and discharging those who contract it creates a large problem of regional welfare.

It may be argued that the operators are humane and sensible in not exposing diseased men to hazardous work, but the committee prefers to focus on the fact that the whole area is depression-struck, and that relief is hard to get.

Speaking for the operators, the Tri-State Zinc and Lead Producers Association is restrained in its comments, admits that the area is no paradise, but holds that "the most pressing problem is not an industrial one, but concerns better living standards in the communities, with special attention to sanitation

and the prevention of infectious diseases." (The Association here refers to tuberculosis, not to silicosis, which is non-communicable.)

Dust-Count Test Introduced

From another quarter, a thoroughgoing analysis of the situation is coming: *Engineering and Mining Journal* will devote a good part of its December issue to a Tri-State report. The magazine warns against extravagant statements, asks that judgment be suspended until all the evidence is in from both sides. It also gives some of the factual evidence which may be overlooked in news stories.

For example: In its final report on the prevention of silicosis by medical control, the Dept. of Labor stated in 1938 that a concentration of more than 5,000,000 particles per cubic foot of highly siliceous dust was dangerous to anyone who had to breathe it for prolonged periods. Consequently, the limit of 5,000,000 particles is the standard which Tri-State mines watch out for.

Dust determination, which tests the efficacy of control measures, is a much more precise thing than it used to be. The concentration used to be estimated by weight, but now particles can be counted under a microscope, after being trapped in a measured quantity of air.

Routine dust-count practice was instituted in the Tri-State area in September, 1936, and since then it has been standard practice on all operations to take samples at regular intervals. When excessive dust is found, ventilation must be improved, wetting-down must be more widely used, or in some cases the workers must be given respirators. If a count rises above 5,000,000, the air hygiene engineer advises immediate action, even though a temporary condition may have created unusual concentration of dust. In one Tri-State checkup, for instance, a shoveler broke a boulder just before the count was taken, and the sample showed 9,400,000 particles. Later, a recheck showed 3,000,000 particles, well below the permissible standards.

Question of Control

The mining journal reports on 3,112 such tests—all of those taken to date—and finds that of 2,473 samples taken underground, 82% were below the permissible 5,000,000 limit. Samples used for discussion cover a variety of mine areas and positions, and were taken at various times during the year.

After the argument is concluded as to just how great an industrial hazard silicosis is and by what methods it can best be controlled, the issue remains whether the industry can handle the problem by itself, or whether government assistance—possibly legislation—is called for. And the debate is likely to build the Tri-State incident into more of a *cause célèbre* than Gauley Bridge.

More Profit-Sharing

Carrier provides for salaried employees. General Mills plans pensions.

A BRAND-NEW profit-sharing plan for salaried employees of Carrier Corp., a contributory employees pension plan for General Mills, Hormel & Co.'s 1940 model of its famous joint earnings plan, sizable employee "dividends" at General Electric, Westinghouse, and National Brewing Co., turned this week into a pre-Christmas celebration by thousands of workers.

Carrier Corp., looking ahead to a banner year, is putting into effect a five-point program of sharing "the fortunes of the company" with salaried people. After a nine-month study of some 60 other plans, the Carrier method was put together by James A. Bentley, vice-president in charge of finance.

Standards Plan Tried

Every salaried job in the big air-conditioning firm will have a maximum and minimum salary base, and the actual salary base paid will depend on how each person measures up to evaluation standards set up for each classification. If an employee reaches the maximum and is worth more, he or she is eligible then for advancement to a higher position rank.

With all jobs standardized according to measurement of position and people, the company will compute, once a month, its net average income or loss for the preceding 12 months, without reserve or reduction for income or profit taxes, and the whole salary scale will be adjusted to fit the income statement.

The method is this: 20% of the previous 12 months' average monthly income or loss will be divided by the total base salaries of all employees for the current month; then the salaries paid will be the base plus the percentage addition or subtraction. Thus Carrier believes it will acquire a high degree of stability and close linking of company and employee interests. There will be no deductions of salaries, whatever comes in 1940 business, for the first year.

Hormel Experimenting Continues

As Carrier spoke from Syracuse, N. Y., the voice of Jay C. Hormel was heard from Austin, Minn. Hormel's meat-packing employees have shared in company earnings for some years, and a feature of the arrangement is the annual casting-up of accounts and adjustment of the plan.

The "Joint Earnings Plan for 1939" got a good deal of publicity (BW—Oct 29'38,p30; Nov19'38,p24; Dec17'38,p21) and rested on a formula whereby extra earnings at the end of the year were considered as a joint "kitty" which was to

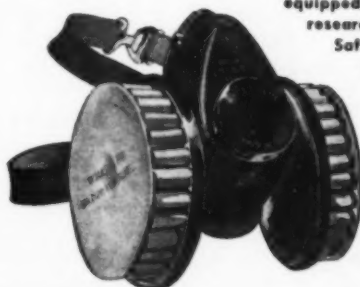
FUMES are SUBTLE!



Apparently harmless gases, dusts or fumes often work on a man very slowly. It may not be until years afterwards, when it's too late, that you realize the damage that has been done.

That's why it's so important—to you, your men, and your stockholders—to make sure you are supplying the proper kind of Respirators and masks for the particular conditions under which they are to be used.

Style 770 Fume Respirator shown in illustration is only one of many different types of Willson Respirators approved by The U.S. Bureau of Mines for industrial use.

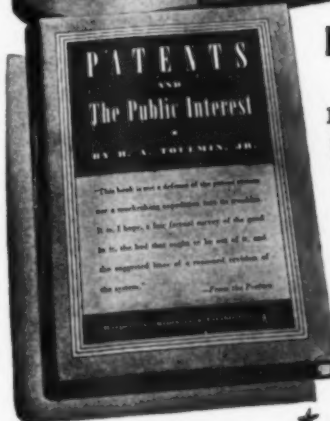


WILLSON has been a leader for years in the designing and developing of Respirators and maintains one of the best equipped laboratories in the country for scientific research and testing. Why not let WILLSON Safety Service check your safety equipment and problems? No obligation.

RESPIRATORS • GOGGLES
HELMETS • GAS MASKS

WILLSON
DOUBLE
PRODUCTS INCORPORATED
READING, PA. U.S.A. Established 1870

★ READ A FIGHTING BOOK ★



In Behalf of AMERICA'S WAY!

By H. A. TOULMIN, Jr.

Business and the public alike have a partnership interest in the United States patent system. Here is a liberal and outspoken examination of the system—its actual workings and effects—by an eminent corporation and patent lawyer. The truth about patent pools and illegal monopolies, suppression of patents, displacement of labor, the throttling of research by patents and other questions. Are your democratic rights under the patent system now being threatened? Read this timely book. Of vital interest to corporation executives, investors, manufacturers, lawyers, inventors, engineers and industrial research workers. Examine it FREE. Attach coupon to your letterhead.

PARTIAL CONTENTS

Economic Importance of Invention. Purpose of Patent Laws. Public Policy. Why Have Patents? A Public Investigation of Patent Pools. Do Illegal Monopolies Hide Behind Patents? Do Inventions Displace Labor? Are Patents Suppressed? Compulsory Licensing? Do Patents Throttle Research? Reorganization of the Patent System. Patent Office and Courts. Changes Recommended. Tools of Industry. New Materials and Products. New Industries. New Jobs. Solution for Unemployment.

HARPER & BROTHERS, Dept. B-10
49 E. 35th St., New York, N. Y.

Please send me for five days' FREE EXAMINATION one copy of "Patents and the Public Interest." I agree to remit \$2.50 (plus the delivery charges) within five days or to return the book.

NAME _____
BUSINESS CONNECTION _____
ADDRESS _____
CITY & STATE _____

Uncle Frank Phillips Has a Successful 66th Birthday



WEATHER

VOL. LXXX—NO. 278

THE DAILY REGISTER-MAIL

14 PAGES

GALESBURG, ILLINOIS—TUESDAY, NOVEMBER 28, 1939

PRICE THREE CENTS

HAPPY

FRANK "66" PHILLIPS IS 66 TODAY

FOUNDER OF PHILLIPS PETROLEUM COMPANY
CELEBRATING BIRTHDAY AT BARTLESVILLE, OKLA.

Say Happy Birthday

In Bartlesville, Okla., last week the Phillips Petroleum Co. held an employee celebration to honor Frank Phillips (below) on his 66th birthday—and hit a new high in open-house celebrations, simultaneously galvanizing labor and public relations activities. Middlewestern newspapers—some as far away as the Galesburg (Ill.) Daily Register-Mail—headlined the occasion. Practically all local business shut down to join in the celebration, and many buildings like the Phillips headquarters (right, below) were decked with flags. Among the day's events were an employees' parade complete with girl bands and floats—K. S. (Boots) Adams, Phillips' president, leads the section at the left, above—and a historical pageant.

Employees Putting On
Big Doings for Their
Friend "Uncle Frank"
THOUSANDS PRESENT



be divided on a ratio of 80% to employees and 20% to common stockholders, until each employee had received four weeks' additional pay (if there was that much in the pool); after that it was to be cut up 50-50.

Last year the plan was plainly labeled experimental, and the 1940 plan also will be tried on a test basis. The difference in method will be this: Jay Hormel has announced that "wages come first, divi-

dends second," and if the joint income should be about what it was in 1939, the same 80-20 division will apply. But if it should be less, the percentage to employees will increase, on a sliding scale—up to 85%, or 90%, possibly even 100% if income should fall off badly. On the other hand, if profits increase markedly, the stockholder percentage will increase on a sliding scale in the opposite direction from the base 20%.

This year's sharing turned out pretty well; the extra pay for employees amounted to a 3% raise all around.

In Minneapolis, Pres. Donald D. Davis announced for General Mills that a contributory employee pension plan had been worked out by directors and would be submitted to stockholders on Dec. 18. All regular employees and officials are to be included under the pension plan—about 7,300 all told—and both company

Business

and work
fund unde
the pensio
sickness,
will be pu

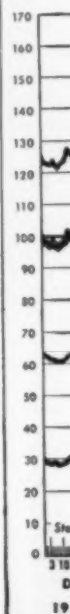
Westin
others ar
dend ch
announc
inaugurat
proximate
employee
current
for 1938.

The 67
received
cost-of-liv
pared wit
service co
centage i
crease is
—their p
1939 is u
sharing a

More in

Westin
pensation
on the
months'
raise to
the adju
45,000 V
boost ov

Still a
this wee
Brewing
capital,
equally i
est, wag
on extra
company
6% for
6% left
gets 2%



and workers will contribute to the joint fund under trusteeship which builds up the pension pool. A new hospitalization, sickness, and accident benefit plan also will be put into effect by General Mills.

Westinghouse, General Electric, and others are swelling the employee dividend chorus. Pres. Gerard Swope of G.E. announces that the profit-sharing plan inaugurated in 1934 will turn over approximately \$2,400,000 for distribution to employees as extra compensation for the current year, compared with \$557,000 for 1938.

The 67,000 G.E. workers also will have received some \$2,350,000 on a separate cost-of-living adjustment for 1939, compared with \$3,298,000 in 1938. Length of service counts in the G.E. plan, and percentage increases vary, but a sample increase is that for the five-year employees—their pay for the last six months of 1939 is up 5.75% because of the profit-sharing and cost-of-living adjustments.

More in Their Pockets

Westinghouse's plan of adjusted compensation, which is figured each month on the basis of the preceding three months' business, is turning out a 6% raise to eligible employees. Last month the adjusted compensation brought the 45,000 Westinghouse employees a 4% boost over the base rates.

Still another employee dividend came this week, to the workers at National Brewing Co., Baltimore. Under this plan, capital, labor, and management share equally in profits. The three draw interest, wages, or salaries, and get dividends on extra earnings. For example, if the company makes a 12% profit, and pays 6% for its invested capital, it then has 6% left for dividends. The management gets 2%, wage earners 2%, capital 2%.

MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

Stocks Show Contrary Streak

Steel shares lead rally in spite of lower rate of operations in the industry. Wheat prices cross dollar-a-bushel mark in Chicago.

CONTRARY IS THE WORD for these markets. Transactions in stocks during the first two sessions of this week were so few that traders might just about as well have gone home. Average prices had receded until they had drifted below what chart readers generally regarded as an intermediate resistance point. Steel operations had given indication of turning downward as so many observers had long contended must soon happen.

Then, on Wednesday, prices were firmer at the opening, and buying increased in volume and in urgency as the session wore along. By midday, trading had increased until it was at a rate of better than 1,000,000 shares a day. Prices had scored the best gains in almost a month, and what shares do you suppose were in the vanguard? The steels! Despite the reduction in this week's rate of production, despite the fact that profits are limited by steel prices having been reaffirmed for the first quarter of next year, despite a reduced volume of new orders, there they were.

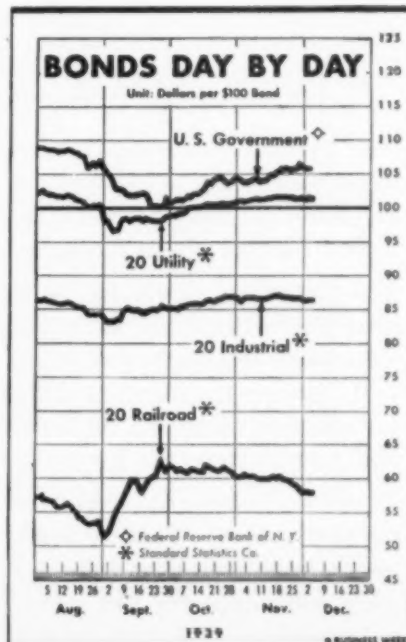
United States Steel ended the day 2½ points higher and Bethlehem was up 2½.

They stood out in a market in which old-line industrial leaders and the aircraft manufacturing shares took most of the honors.

Other shares which scored gains ranging from 1½ to as much as 3 points for the day included American Smelting, Anaconda, Chrysler, Douglas Aircraft, du Pont, International Harvester, Johns-Manville, United Aircraft, and Westinghouse Electric.

Wheat Rise Gains Momentum

Big news of the week in commodity markets was dollar wheat in Chicago. That represents a rise of nearly 20¢ a bu. in two months, and most of the gain has been recorded in the last fortnight. There have been three main factors in this rise. It got its start when it became clear that the American winter wheat crop had been very seriously damaged by the drought. It gained momentum when England began buying large quantities of Canadian wheat and Winnipeg grain prices turned strong. It came to a climax this week when authoritative estimates from "down under" indicated serious deterioration in



BENEFICIAL INDUSTRIAL LOAN CORPORATION DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

PRIOR PREFERENCE STOCK
\$2.50 Dividend Series of 1938
62½¢ per share

(for quarterly period ending Dec. 31, 1939)

COMMON STOCK
50¢ per share

Both dividends are payable Dec. 27, 1939 to stockholders of record at close of business Dec. 15, 1939.

Dec. 1, 1939 **E. A. BAILEY**
Treasurer

It will pay you to investigate Pensacola's opportunities for industry and commerce. Pensacola invites industry and it has what industry needs.

For special information write
B. C. Langford, Manager
Municipal Advertising Board—



PENSACOLA FLORIDA
on the Gulf

Chrysler Corporation

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of one dollar (\$1.00) per share on the outstanding common stock, payable December 31, 1939, to stockholders of record at the close of business, December 9, 1939.

B. E. Hutchinson, Chairman, Finance Committee

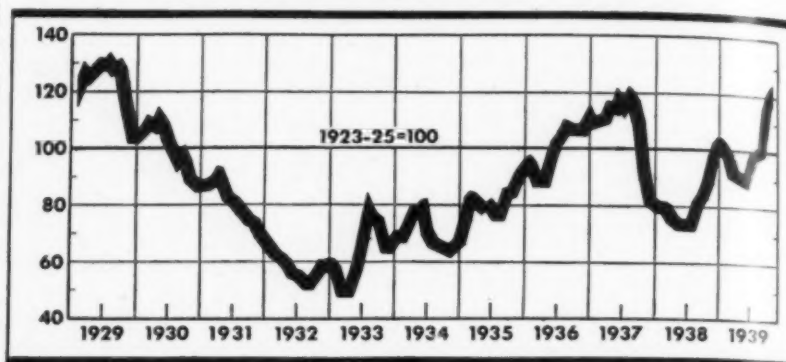
BASIC TOOLS

The executive finds it useful to be well informed generally. He finds it necessary to be well informed about business.

The executive finds in *Business Week* the basic tools for successful management — a full understanding of the forces that affect all business and particularly his business.

That's why active management executives read *Business Week* — the magazine that tells not only what happens but why.

Monthly Index Continues to Advance



Registering its sixth consecutive gain, *BUSINESS WEEK's* Monthly Index of Business Activity rose from 121.3 in October to 124.1 in Novem-

ber, the highest figure for any month since October, 1929. With the latest weekly index above 126, a substantial gain is in prospect for December.

quality and higher prices for Argentine wheat.

Cotton prices, after advancing to new highs for the season above 9½¢ a lb., were somewhat unsettled by announcement that the Department of Agriculture has reduced the export subsidy to ¾¢ a lb. from 1½¢ paid heretofore this season. The

market was interested to learn, however, that exports of American cotton and contracts for export totaled 4,344,354 bales from Aug. 1 to Dec. 4. That's close to 2,000,000 bales ahead of a year ago. Moreover, it doesn't take into consideration export sales of 226,000 bales in the form of cotton products.

Just Too Many Personalities

Division of investment counsel business of Young & Ottley between two stock exchange firms dates back to founders' break in 1933.

TUCKED amid the Wall Street notes of New York papers last week was this unsuggestive announcement: "The facilities of the research and investment advisory divisions of Fenner & Beane, members of the New York Stock Exchange, have been made available to the clients of Young & Ottley."

To Wall Street this was something special. Here was an investment counsel firm, one of the biggest in the business of advising investors what to do with their money, turning to a brokerage house for research. Two years ago, certainly, the shoe would have been on the other foot. Then, brokers were first getting into the investment advisory business (*BW—Jun12'37,p37*) on a large scale, and it was not uncommon for investment counsel firms to offer brokers their research facilities.

To Fenner & Beane, however, this deal was a natural. For several years, the firm has been building up its investment advisory department as a separate entity from its commodity and stock exchange commission business. So, when Walter von Tresckow, president of Young & Ottley, Inc., proposed to pay a fee for

the supervision of his accounts, legal-minded Philip W. Russell, senior partner, decided it was a logical extension of Fenner & Beane's operations.

Not only does it spread the Fenner & Beane overhead over a greater number of accounts, but also the arrangement permits the firm to take over the name of Young & Ottley exclusively, if it chooses. This, in effect, means that Fenner & Beane can ultimately segregate its investment advisory division in name (Young & Ottley) as well as in personnel. For von Tresckow, the transaction made possible the completion of unfulfilled contracts and preservation of the equity in the business.

Behind the transaction is a story of clashing personalities. It goes back to July, 1933, when C. W. Young decided that he could not get along with his more conservative partner, James H. Ottley (*BW—Sep26'36,p32*). Young left the firm, formed C. W. Young & Co., which later—with Young out—became Clarke, Sinsabaugh & Co. Young then proceeded to found Young Management Corp., which—by ironical coincidence—last month went out of business. E. W. Axe

Business

& Co., a undertoo ment's a

In leav with him personne had to price Ot interest key men indicated participi shares. I

Not u settled; it all, w Von Tr had resi take a v investm formed all of Young s most im

Organic

Three M. Thor ter Kava Young & they wen tion Ot Septemb and his interest from the down an Franklin

The f few day son, Ka what a Then D the Stoc Thomps the acco ment es cepted a Kavana life.

How M

The Young the sup firms; b their m Delafiele commissi manager ment fe the othe siders th separate and th brokerag pendent

On th exchange have th vestmen which t nick &

& Co., another investment counsel firm, undertook to service Young Management's accounts.

In leaving Young & Ottley, Young took with him part of the business, part of the personnel, and a lawsuit. He and Ottley had to go to a referee to settle on the price Ottley was to pay for Young's half interest in the business. Grateful to the key men who stayed on with him, Ottley indicated that he might offer them a participation in the purchase of Young's shares. But the suit dragged on.

Not until the summer of 1938 was it settled; and by then, Ottley was tired of it all, wanted release from the business. Von Tresckow, a former associate who had resigned from Young & Ottley to take a vice-presidency in the Schoellkopf investment trust, Niagara Share Corp., formed an outside syndicate, purchased all of Ottley's holdings including the Young stock. And a difficult situation almost immediately arose.

Organize Firm of Their Own

Three men, Leslie H. Thompson, John M. Thompson, Jr. (unrelated), and Walter Kavanagh, controlled a good many of Young & Ottley's big accounts. They felt they were entitled to the stock participation Ottley had talked about. And in September they went to von Tresckow and his associates, demanded a stock interest and von Tresckow's retirement from the corporation. They were turned down and ordered to retire along with Franklin Ray.

The four men then organized—for a few days—a firm of their own, Thompson, Kavanagh and Thompson, taking what accounts they could with them. Then Delafield & Delafield, members of the Stock Exchange, offered to absorb the Thompsons, Kavanagh, and Ray, and the accounts in their investment management establishment. The offer was accepted and the partnership of Thompson, Kavanagh and Thompson ended its short life.

How Much Free Service?

The upshot is that the bulk of the Young & Ottley business is now under the supervision of two stock exchange firms; but there is a distinct difference in their method of handling the business. Delafield & Delafield applies brokerage commissions received from investment management clients against the investment fees they earn. Fenner & Beane, on the other hand, charges a stated fee, considers that the advisory service is entirely separate from the commission business, and that therefore advisory fees and brokerage commissions should be independent of one another.

On the question of fees, a hot stock exchange fight is due. Right now, brokers have three ways of setting up their investment advisory departments: (1) in which the service is gratuitous—Dominick & Dominick, for example; (2) in

How your business may save by BORROWING



Every business man knows that savings made are profits earned. But not every business man realizes that savings can sometimes be made by borrowing.

Saving by a cash discount

A buyer of merchandise can often make a saving by borrowing at this Bank to pay cash and take advantage of the cash discount. Also, this helps maintain his credit record for cash payments.

Saving through a term loan

Under certain circumstances a saving in interest can be made by the use of a term loan to refund a note or bond issue or to redeem a preferred stock issue. The serial maturities of this type of loan provide for convenient retirement.

Saving on materials

In a rising market, the forward purchase of raw materials or finished goods may be economical. A Bank loan will help to realize these savings.

Saving on equipment

A manufacturer may find that his production cost is too high. To effect a saving he buys more efficient machines through bank credit.

Saving by repairing

Neglected buildings will soon deteriorate and decline in value. Repairs, undertaken with the aid of a Modernization Loan, might mean a saving and prevent future loss.

* * *

It is possible that *your* business has opportunities for savings such as these. Why not write or call us about your problems?

BANK of the MANHATTAN COMPANY



Chartered 1799

NEW YORK

The Bank of Yesterday, Today and Tomorrow

Member Federal Deposit Insurance Corporation

*This is an announcement and is not to be construed as an offer to sell or as a solicitation of an offer to buy the securities herein mentioned.
The offering is made only by the Prospectus.*

Public Service Company of Indiana

\$38,000,000

First Mortgage Bonds, Series A, 4%

To be dated September 1, 1939

To be due September 1, 1969

Price 102% and accrued interest

\$10,000,000

Serial Debentures, 3 3/4%

To be dated September 1, 1939

To be due serially as stated below:

AMOUNT	MATURITY	PRICE-95*	APPROXIMATE YIELD-95	AMOUNT	MATURITY	PRICE-95*	APPROXIMATE YIELD-95
\$600,000	9-1-1940	102.40	.65	\$550,000	9-1-1945	101.16	3.65
500,000	9-1-1941	103.56	1.00	550,000	9-1-1946	100.14	3.85
500,000	9-1-1941	104.55	1.35	550,000	9-1-1946	99.85	3.90
550,000	9-1-1942	104.78	1.70	550,000	9-1-1947	99.53	3.95
550,000	9-1-1942	104.85	2.05	550,000	9-1-1948	98.78	4.05
550,000	9-1-1943	104.74	2.35	550,000	9-1-1948	98.36	4.10
550,000	9-1-1943	104.54	2.65	550,000	9-1-1949	97.91	4.15
550,000	9-1-1944	103.87	2.90	550,000	9-1-1949	97.42	4.20
550,000	9-1-1944	103.17	3.15				
550,000	9-1-1945	102.27	3.40				

The Prospectus may be obtained in any state in which this announcement is circulated, from any one of the undersigned as are registered dealers and are offering these securities in compliance with the securities laws in such state.

HALSEY, STUART & CO. Inc.

LAZARD FRERES & CO.

GLORE, FORGAN & CO.

A. G. BECKER & CO.

CENTRAL REPUBLIC COMPANY

HARRIS, HALL & COMPANY

A. C. ALLYN AND COMPANY

BLAIR & CO., INC.

EASTMAN, DILLON & CO.

HALLGARTEN & CO.

LEE HIGGINSON CORPORATION

E. H. ROLLINS & SONS

December 1, 1939



THERE are fully seven ways that storekeepers in your community are exposed to burglary and robbery losses. They are shown on the keys.

Small wonder that Storekeeper's Burglary & Robbery insurance has proved such a boon to merchants! Full protection in a single policy... a chain holding seven keys to coverage against loss through each of seven hazards.

This is one form of community protection provided by AMERICAN SURETY and NEW YORK CASUALTY COMPANIES. Many other types of casualty and surety coverage written by these Companies prevent loss to banks and business, and automobile and home owners throughout the country.

PREVENT-
DO NOT
LAMENT
LOSS!

AMERICAN SURETY
COMPANY
NEW YORK CASUALTY
COMPANY
HOME OFFICES: NEW YORK

Both Companies write Fidelity, Forgery and Surety Bonds and Casualty Insurance

which brokerage commissions are made applicable to investment advisory fees—Delafield & Delafield, and Wood, Struthers & Co.; (3) in which a flat investment advisory fee is required—Fenner & Beane and Shields & Co. The existence of three methods of charging presents a problem. Ultimately the exchange seems bound to settle the issue by deciding how much free service a broker may extend to his commission customers.

First Out of 77

C. & E. I. initial railroad to reorganize under "simplified" bankruptcy clause.

ALMOST seven years ago, Section 77 was tacked onto the general bankruptcy law with the sole purpose of facilitating railroad reorganizations. Since that time, 24 distressed carriers have fled to its asylum. And now, at last, a Class 1 road is ready to emerge.

This dubious distinction falls to the Chicago & Eastern Illinois Railway Co., along whose 927 miles of main-line track are shunted coal, oil, manufactures and miscellany through Illinois, Indiana, and Missouri. Incidentally, this marks the second trip through the wringer for the C. & E. I. properties in 20 years.

Shareholders and creditors, in approving the plan for reorganization, apparently were reconciled to the belief that the road would get nowhere as heretofore capitalized. A good deal of water is wrung out of the capitalization, in the plan now approved.

Total capitalization will be reduced 31% (from \$88,800,000 to \$61,000,000), fixed interest-bearing debt 70% (from \$42,800,000 to \$12,700,000), and fixed interest charges 71% (from \$2,274,000 to \$657,000). The management hopes that the road in normal times will gross around \$20,000,000. To accomplish this, however, revenues would have to equal the lush years of 1926-30.

Fate of the Common-Holder

Under the plan, the common stockholders will be left completely out in the cold—since an evaluation of the company's assets and prospective earning power convinced the Interstate Commerce Commission and the court that neither item could be stretched beyond the bonds and preferred stock.

Debt of \$5,760,868 plus accrued interest due the Reconstruction Finance Corp. is to be paid off at face value in new series A 4% prior lien bonds. The RFC will then lend \$5,000,000 additional, which will enable the road to pay off underlying bonds, etc. Holders of the general mortgage bonds must be satisfied to exchange them half for income bonds and half for new preferred and common stock. Preferred stockholders in turn must accept one share of new no par

common
ferred. It
certify the
plan, and
on issuance
than a year
in operation

FIL

U. S. F.

THINGS w
utive offic
Co. this
sale of its
way just
tral Park
20-story
ter group
their fina
Rubber
would ad
nually to
ness. In
conversat
done in U
bought v
(BW—M
reduced
000; sale
\$190,000
bottom o
sion; pre
sumed, a
common
\$8 a shar

Bank

MOST BA
after the
the Man
other ha
mature n
of the ba
J. Stewa
holders 1
about \$2
less than

Broker

ON TUES
eral Judg
passed se
on a you
tremely
Paine, s
York St
Webber
torney's
judge co
Judge K
term wa
vesting p
to prote
Paine
unwitting
vestment
S. Leo
whom h
Boston 1
Canadian

common for each share of the old preferred. It remains only for the court to certify the shareholders' approval of the plan, and to get routine ICC approval on issuance of the new securities. In less than a year the new company should be in operation.

FINANCIAL ANGLES

U. S. Rubber and Fisk

THINGS WERE HUMMING around the executive offices of the United States Rubber Co. this week. The company announced sale of its old office building on Broadway just south of New York City's Central Park, and its removal into the new 20-story addition to the Rockefeller Center group. Moreover, negotiations were in their final stages for purchase of Fisk Rubber Corp., a consolidation which would add \$15,000,000 to \$20,000,000 annually to U. S. Rubber's volume of business. In financial circles there again was conversation about the rehabilitation job done in U. S. Rubber since the du Ponts bought working control 11 years ago (*BW—Mar 26 '38, p. 34*). Debts have been reduced from \$130,000,000 to \$42,000,000; sales have risen to an estimated \$190,000,000 for 1939 compared with a bottom of \$70,000,000 during the depression; preferred dividends have been resumed, and this year net earnings on the common stock probably will amount to \$3 a share.

Bank Meeting

MOST BANKS hold their annual meetings after the turn of the year. The Bank of the Manhattan Co., New York, on the other hand, jumps the gun, and its premature meeting generally gives a preview of the banking year's results. This week J. Stewart Baker, chairman, told stockholders 1939 earnings would probably be about \$2,225,000 which is about \$150,000 less than for 1938.

Broker Sentenced

ON TUESDAY morning of this week, Federal Judge John C. Knox in New York passed sentence of one year and a day on a young man, and said he was "extremely sorry." This young man, Stephen Paine, suspended partner in the New York Stock Exchange firm of Paine, Webber & Co., was the victim of an attorney's concealment of information, the judge continued. Nevertheless, it was Judge Knox's opinion that the prison term was necessary to convince the investing public that the courts stand ready to protect them.

Paine was convicted for his apparently unwitting part in the looting of three investment trusts. Sentenced with him were S. Leo Solomont, the attorney upon whom he relied; Thomas W. Morris, a Boston lawyer; Howard F. Hansell, Jr., Canadian broker. Each drew two years.

BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

Mexican Courts Uphold Oil Seizure

Expropriation decision holds companies entitled to compensation, but they are skeptical. Alarming precedent seen for American-owned mines.

THE MEXICAN SUPREME COURT has handed down its decision in the oil case, and it supports the Mexican government in expropriating the foreign operators. This does not wind up the case, but it indicates that the expropriation plan will be carried out unless Washington is willing to step in officially and turn on the heat. That isn't generally expected, even by the expropriated American companies.

The decision was tersely worded: The Mexican government acted within its constitutional rights in expropriating the oil companies; subsoil riches are the exclusive property of the nation; the oil companies are entitled to compensation for the expropriation of their wells by repayment of the capital "legitimately" invested in the property; and the companies are entitled to the return of their records, accounts, and cash seized at the time of the expropriation.

The ruling also orders the companies immediately to appoint representatives

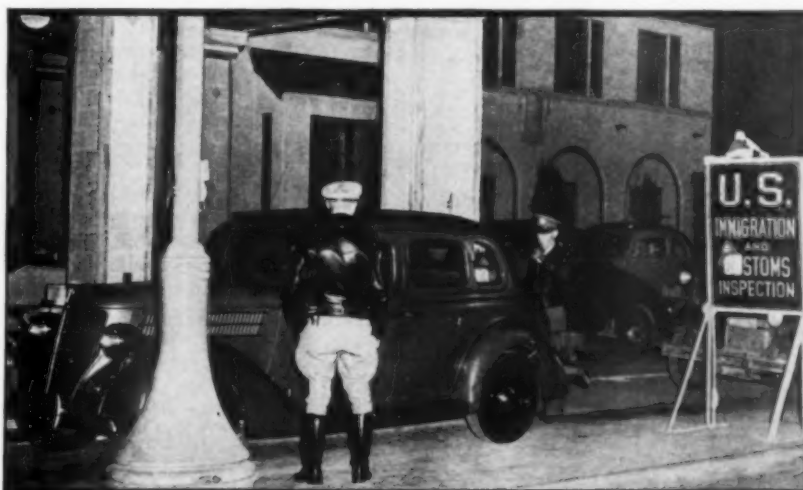
who will work with government experts in determining the value of the properties and the amounts due. No decision on the indemnities to be paid is expected for several months. Payment is to be made over a ten-year period.

Demands Harass Companies

The expropriation battle started in 1937 when workers for the 17 major British and American companies demanded a 40-hour week, pay on a weekly rather than an hourly or monthly basis, a minimum wage of 6 pesos (at that time about \$1.70) a day, and full payment for 90 days in case of sickness.

Each concession led to a new set of demands which the oil companies realized toward the end were planned to squeeze them out of the country. When they finally refused to fall in line, the government ordered the workers to take over the wells and for the last year and a half has been operating the business itself and

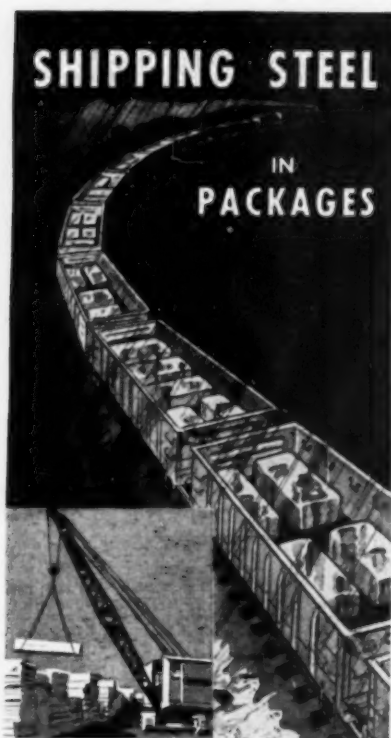
Shopping Time—24 Hours



Wide World

These were the last cars to cross the California-Mexico border before the U. S. Treasury's 24-hour shopping rule went into effect at midnight Nov. 30. Americans coming back to the U. S. from Mexico now cannot

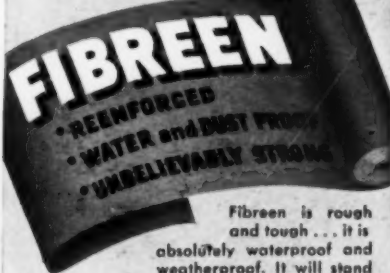
bring in \$100 worth of merchandise free unless they have been in Mexico at least 24 hours. Purpose of the rule is to prevent unfair competition between stores in Tia Juana, and those in Southern California cities.



SHIPPING STEEL IN PACKAGES

FREIGHT CAR PROTECTION PROVIDED IN GONDOLA CARS

In rain or sleet—snow or wind—rumbling along in the open at 60 miles per hour—huge five ton bundles of finished sheet steel ride safely to their destination in gondola cars. Come what will with the weather, thousands of tons of costly steel sheets go from mill to manufacturer—day in and day out—snugly protected by low-cost Fibreen. Wrapped in Fibreen, steel travels today with no danger of rust or dust . . . plus the definite and obvious advantages and economies represented in this modern method of handling.



Fibreen is rough and tough . . . it is absolutely waterproof and weatherproof. It will stand all manner of use and abuse without tearing or ripping. It is the ideal wrapping material for all products that need dependable protection against moisture, dust and dirt . . . Fibreen might be the answer to your own wrapping, shipping or conversion problem. Why not write for a good size sample — test it — try it out.

The SISALKRAFT Co.
205 W. WACKER DRIVE • CHICAGO, ILL.
New York San Francisco London Sydney

Serving Industry and Building with Reinforced Papers, Metals, etc., for Multiple Uses and as Part of Finished Products

fighting the oil companies' claims in the courts.

Of the \$350,000,000 which the oil industry claimed it had invested in Mexico, \$225,000,000 was estimated to be British and Dutch, and \$125,000,000 American. Biggest investments were those of the Aguila (a subsidiary of Royal Dutch Shell), Huasteca (a subsidiary of Standard Oil of New Jersey), the Standard Oil Co. of California, the Sinclair group, and the Richmond Petroleum Co.

Twelve years ago, nearly 77% of Mexico's oil production came from United States-operated wells. When Mexico took over the wells two years ago, this share had dropped to 34%. Britain, which had discovered and exploited the rich Poza Rica field near Tampico, had become the big producer. Mexican interests controlled only 7% of output.

How Much Compensation?

Despite the \$350,000,000 investment claims, expropriated foreigners will receive only a small percentage of this amount as compensation. There were once rumors that they would settle for \$80,000,000. Insiders in American oil circles have declared recently that the United States companies suspect that they will be doing very well if they get as much as \$10,000,000 in cash. They are extremely skeptical of compensation "in 10 years."

The war may help to solve the problem for both Mexico and the oil companies. During the last year and a half, the Mexican government—lacking extensive storage facilities, railroad tank cars, and ocean-going tankers—has been in a jam trying to get rid of its oil. For a time Germany proved to be a good market, but it has been largely shut off by the war. Italy took some Mexican oil on a barter basis, but the volume was never large. Sales to Japan—despite much publicity—never grew to proportions which would greatly alleviate the government's job as salesman.

Present Demand Favors Deal

Though land and air warfare have not yet called for extraordinary supplies of oil, naval warfare has been active and there is a steady demand. This may yet tempt the American oil companies to buy from Mexico, but only on the basis that a fixed portion of each shipment will go toward settlement of the companies' claims, once they are established. This scheme would solve Mexico's delivery problem, but at the same time keep the distribution in the hands of the expropriated companies.

The court's decision upholding the right of the Mexican government in the oil case sets an alarming precedent for the mining companies operating in Mexico. In this case, the stake of United States operators is far larger than the British. However, agitation in Mexico against the mining companies has never been as seri-

ous as against the oil companies, and it has been relatively unimportant during the last year. Mining operations, nevertheless, are not being extended until the air has cleared and Mexico has made definite her stand on all remaining investments within the country.

Balkans Worry Nazis

Prices on commodities needed by Reich go up; intrigue by British agents is charged.

BERLIN (Cable)—Recent developments in Southeastern Europe are causing grave apprehension in Berlin. Prices are rising on commodities the Reich needs and the small neutrals are increasing the number of export embargoes. Rumanian oil prices, for instance, have doubled since August.

A German magazine calls attention to "British intrigues" in the Balkans. British agents, the paper states, are buying products on a large scale—even when early shipment to England or France is impossible (page 62). The magazine expresses particular dissatisfaction with the "ambiguous" foreign policies of Turkey, Rumania, and Yugoslavia.

Of more vital concern than "British intrigues" are the obvious designs of the Soviet Union. Publication in the *Communist International*, official organ of the Comintern, of Russia's demands for a mutual-assistance pact with Rumania caused considerable trepidation in Berlin. Although Germany has long realized that after its Baltic conquests, the U.S.S.R. would next move in the direction of the Balkans—first, to regain Bessarabia, taken from Russia by Rumania after the World War—the actual fact of the maneuver was nonetheless startling.

Weighing Their Spending Choices

Reich bigwigs are still undecided on appropriate retaliation to the British export blockade, but there is little doubt the measures will be drastic. Meanwhile, Germany enters the fourth month of war with hostilities still confined to naval and air fighting while daily life shows more peaceful aspects than even at the beginning of the war—a paradox experienced by all the belligerents, of course.

Every German citizen's main concern today is how to spend most advantageously the first 30 points purchasable before the year's end of the 100 point clothing card (BW—Nov 25 '39, p. 45), which is being distributed this week. His choice of gifts for the first war Christmas is also greatly reduced. Textiles and foods, including sweets, have been eliminated as presents and the supplies of other articles are rationed or deficient.

Consequently, Christmas demand is concentrating on glass, porcelain, and books, and merchants look forward to brisk holiday business with mixed feelings. For one thing, they reason, indis-

criminate available on the other articles will be a

The process is further swiftable for di term borro the domin though a a further i is expected Also, th other recen the governi despite the form of wa in the part Business private pr as the war prehensive along the m

Russia

Fig little effe outside o

Moscow aware of on in Finla dent so far Leningrad has been no Kremlin is Russians of busy with t The outb over Soviet able worry man on the a "noble de to rout the an independ public."

President ciation of moral emba planes to R influence on from Washi in one of Party mag ity," it dec hands of An to strengthe the world b of Latin Am hold on the

This view observers, is apparently Japanese ta culminate in Nipponese successful, this trade talks i

criminate buying of unrationed and still available articles will boost turnover but, on the other hand, very few of these articles will be replaceable before the end of the war. Hence, Christmas this year will be a nation-wide clearance sale.

The treasury will benefit by this process since it is bound to result in a further swelling of bank deposits available for discounting treasury bills. Short-term borrowing is, for the time being, the dominant form of war financing though a new "tax bouquet" including a further increase in the corporation tax is expected soon.

Also, the success of the Krupp and other recent bond issues might encourage the government to float a long-term loan, despite the theoretical aversion to this form of war financing originally expressed in the party press.

Business gloomily sees the sphere of private property and initiative dwindle as the war progresses. Pessimists are apprehensive over further adjustments along the new Berlin-Moscow axis.

Russia "As Usual"

Fighting in Finland has little effect on workaday routine outside of Leningrad district.

Moscow (Cable)—Russians are fully aware of the severe fighting now going on in Finland, but it is only a local incident so far as everyday life outside the Leningrad district is concerned. There has been no special mobilization, and the Kremlin is emphasizing the need for all Russians outside the war area to keep busy with their routine tasks.

The outburst of American indignation over Soviet action is causing considerable worry here among officials, but the man on the street views the campaign as a "noble deed, helping the Finnish people to rout their oppressors and to establish an independent, democratic people's republic."

President Roosevelt's formal denunciation of the Soviet Union and the moral embargo against shipments of airplanes to Russia will have no important influence on Soviet action. The news from Washington did cause an outburst in one of the important Communist Party magazines. "American neutrality," it declared, "is a weapon in the hands of American imperialists who wish to strengthen their economic position in the world by squeezing competitors out of Latin America and by getting a firm hold on the Chinese market."

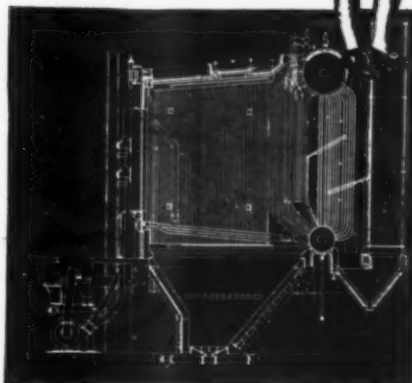
This view, according to experienced observers, is largely responsible for the apparently smooth course of Soviet-Japanese talks which are likely soon to culminate in announcement of a Russo-Japanese non-aggression pact. If successful, this will probably be followed by trade talks in Moscow early in January.

PAIRED WITH THE *Leaders* FOR STEAM ECONOMY

"Old
Knickerbocker"

BY
RUPPERT

A GREAT NAME
IN BREWING



THE
Steam Source

BY
COMBUSTION
ENGINEERING

LEADER IN
STEAM GENERATION

Old-time flavor traditions go hand in hand with modern progress in the brewing art at the world-famous New York brewery of Jacob Ruppert. In "Old Knickerbocker", Ruppert offers a beer tuned to a nation's taste, made in a plant dedicated to high standards of quality, cleanliness and efficient operation methods.

Naturally enough, choice of production facilities for the plant is determined by this same quality-seeking attitude . . . showing up, as elsewhere, in the selection of C-E steam generating equipment. For after all, those who set quality standards are usually the first to demand such standards in their own purchases.

In the new steam plant installation made at Jacob Ruppert's last year, 3 COMBUSTION ENGINEERING, Type VU, Steam Generating Units, each rated at 70,000 lb. steam per hr. (410 lb. per sq. in. pressure, 615° F. total temperature) were selected to meet increasing demands for power and process steam. The units are designed for burning either pulverized coal or oil. Performance over the past year has confirmed the viewpoint of plant engineers of the savings possible through this thoroughly modern C-E steam source.

For just as Jacob Ruppert leads in brewing, so COMBUSTION ENGINEERING sets the pace in modern facilities for low cost steam supply. Whatever your steam demands, you too will find COMBUSTION ENGINEERING ready to plan an installation keyed to your specific needs, and reflecting "leadership" standards in design, construction and performance.

**COMBUSTION
ENGINEERING**

200 Madison Avenue, New York, N. Y.

C-E PRODUCTS INCLUDE ALL TYPES OF  BOILERS, FURNACES, PULVERIZED FUEL SYSTEMS AND STOKERS; ALSO SUPERHEATERS, ECONOMIZERS AND AIR HEATERS

Fixing the Gaze of the World's Biggest Eye



The moon will seem only 25 miles away when viewed through the new 200-inch reflector telescope now being put into place on Mount Palomar by the California Institute of Technology. Perhaps it will prove the existence of the much discussed "men of Mars", or disclose whether or not Einstein's "curved space" is fact or fancy.

For certainly its movements should function unerringly, because Mallory electrical contacts of molybdenum are used in the control mechanism... another dramatic application to add to countless others in the automotive, electrical, aeronautical and industrial fields.

For over two decades, Mallory has been recognized as headquarters for the engineering and production of electrical contacts. Mallory is the only company making electrical contacts for all services.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA
Cable Address—Pelmollo

P. R. MALLORY & CO., Inc.
MALLORY
PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

HUNTER
Electro-Copyist

**Can't Make a Mistake
IN COPYING!**



• Produces facsimiles in **ONE MINUTE!**
• Copies **ANYTHING** on paper or fabric!
• Cuts Copy Costs **IN HALF!**

COPIES:

Letters • Maps
Charts • Photographs • Drawings • Newspaper Clippings • Advertisements • Documents

Anything that's written, drawn, typed, printed or photographed

There are MANY kinds of copying jobs that the HUNTER Electro-Copyist can help you do... quickly... economically! It absolutely eliminates copying mistakes... eliminates need for proofreading. Saves hours on rush jobs! No lens... no focusing... no dark room... yet you get fine-quality "photo-exact" copies in just **ONE MINUTE!** Get more information regarding Electro-Copyist's use in your own business! Write for complete details and prices **TODAY!**

SEND FOR MORE INFORMATION
TODAY!

HUNTER ELECTRO-COPYIST, INC.
SYRACUSE, NEW YORK



Great Britain this week contracted to buy all Canada's bacon and ham during the war; wheat may come under Allied economic control next.

WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

U. S. Caught in Economic War

Plight of Boston wool dealers emphasizes far-reaching implications of totalitarian economy which has been forced on England and France.

BOSTON'S CUSTOMARY APLOMB was upset this week—by the British.

Though the country's textile business has scattered far beyond the limits of New England, Boston is still America's No. 1 wool market. Between one-third and one-half of the wool consumed in this country is imported, and much of it ordi-

narily comes from Australia and New Zealand, the world's largest producers.

The Boston wool trade was upset this week by a curt note from British government authorities. When war was declared last September, London immediately contracted for the entire wool clip of Australia and New Zealand, but since then



A coastal steamer loads sheep at Sydney—one of Britain's first moves at the start of war was to contract for Australia's full wool clip.

The War Week in Business

At Home

War Orders—The only indication of day-to-day Allied buying activity in this country lies in unconfirmed and general reports from trade circles, because the French and British commissions have not as yet made any statements on their purchases. This week purchase of a large group of machines in Cleveland for a French plant is rumored. In Cincinnati, Anglo-French purchases of machinery and tools are said to be bulking larger than domestic business.

Two important posts in the British buying unit have been filled. Edgar Selden Bloom, president of Western Electric Co., will retire late this month and become Director of Purchases for the English. Frederick Johnson, vice-president of the Bell Telephone Co. of Canada, has already taken over as Director of Administration.

The United States Navy awarded three routine contracts this week. United Aircraft was granted \$2,576,677 for airplanes and landing gear and an \$847,501 order for airplane engines. Edo Aircraft Corp., College Point, L. I., received a \$493,261 order for landing gear.

Trade Conditions—To prevent war profiteering, an investigation of price structure has been launched by the Temporary National Economic Committee. The first witness, Isador Lubin, Commissioner of Labor Statistics, said that if war in Europe were prolonged, commodity costs would continue to increase and would be followed eventually by the "same serious economic repercussions that we witnessed 20 years ago." The President suggested the investigation shortly after the war began.

The number of queries over the credit of foreign customers dropped 23% in November from an October peak, according to one credit bureau. About 80% of these requests for information concerned Latin American business houses. September inquiries were 47% above August, while queries received in October were 17% ahead of the September total.

A new plant, which produces diethyl amines, has been snowed under with orders. Germany was formerly the chief source of supply for these chemical compounds, used in the manufacture of rubber. The plant was built by Sharples Solvents Corp.

Regulations—In commenting on the first arms contract awarded by the Treasury Department under the Vinson-Trammell Act, Sec. Morgenthau stated that no special concessions had been granted and profits had been limited to 12%, as prescribed by the act. The Colt's Patent Fire Arms Manufacturing Co., the recipient, will also be allowed only the ordinary percentages for depreciation and obsolescence. The nature and size of the order was not disclosed.

Shipping—The House merchant marine committee is watching fuel oil prices for ships. Rep. S. O. Bland, chairman of the committee, said he was "deeply concerned" over rising prices, which "threaten to make necessary increases of ocean freight rates."

About 50 navicerts, British naval inspection certificates which will speed up the delivery of shipments through areas the British navy is patrolling, have been issued by the consulate at

—And Abroad

Great Britain—The Allied embargo on German exports became effective this week. Secretary of State Hull is expected to voice the United States' attitude on this measure in the next few days.

Stating that the war may "impose the most fearful sacrifices, some of which we hardly have begun to dream of," Sir John Simon, Chancellor of the Exchequer, disclosed that England is spending \$10,000,000,000 a year, at the present rate, on the war. Large-scale military action on land would increase this cost.

The British import duty on iron and steel imports has been removed. However, the Ministry of Supply will issue licenses for such imports, it was announced at the same time.

London has signed an agreement with Canada to buy 4,480,000 lb. of bacon per week from the Dominion. The price was prearranged.

Germany—Exporters in Hamburg and Bremen, at a low financial ebb as a result of the Allied embargo on shipments from Germany, will be aided by credits from the Reich government. Advances will be made up to 75% of assets in enemy countries.

The first convoy of barges has passed Belgrade on the way to Germany from Rumania. The new through waterway, which uses the Danube, is expected to be used all year around, if ice breakers can keep the river open.

France—The Chamber of Deputies has indefinitely extended Premier Edouard Daladier's power to rule France by decree. To conserve dollar exchange, Daladier has ordered importers to pay for their purchases in pound sterling and Belgian francs except in "indispensable" cases. As a result, London and Brussels have become financial centers for French importers.

France has been divided into economic regions and inventory of raw materials, manufactured products, and civilian needs has begun.

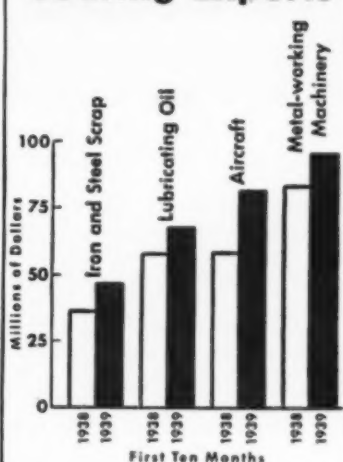
Argentina—A barter deal to buy 900 freight cars, 30 sleepers, and 66 switch engines from German firms has fallen through.

The 1940 automobile import quota has been reduced 50%. However, the quota may be increased to the current year's level of imports if automobile manufacturers in the United States and other countries agree to take two-year treasury notes for their products rather than cash.

China—An air service between Chungking, the new capital of China, and Moscow has been inaugurated.

Japan—Tokyo is considering the seizure of Anglo-French cargoes in the Far East as a retaliatory measure for the Allied export ban on Germany, according to the Japanese newspaper *Nichi Nichi*.

Soaring Exports



ALTHOUGH ONLY TWO MONTHS of war business figures are available as yet and foreign trade was down the first part of the year, the sales of these four groups of commodities are well ahead of their records for the same period in 1938. Another export, aluminum semi-manufacturers, has made the most spectacular increase of all: a 766.5% rise from \$1,925,000 in the first 10 months of 1938 to \$16,682,000 through October, 1939. The chief aluminum buyers this year have been the Allies and chief use of aluminum is for making airplanes.

New York. More than 200 applications were received the first day the certificates were obtainable. From four to ten days are necessary to get an approved navicert.

Meanwhile, the Treasury Department has warned shipping lines they cannot refuse to accept cargoes which have not been okayed by the British as free of contraband, under the navicert system. A 1916 statute, enacted when the English instituted the navicerts in the last war and the United States was a neutral, permits the Treasury to refuse clearance from U. S. ports for ships which have required British inspection for all cargoes aboard.

THE ABC OF WORKMEN'S COMPENSATION INSURANCE

Here is an elementary work for those engaged in the underwriting and selling of insurance, which discusses benefits provided, procedural methods, insurance carriers, policy forms, rating organization and the making and application of rates. **WORKMEN'S COMPENSATION INSURANCE** by Clarence W. Hobbs, 707 pages, \$5.00

296 IDEAS THAT WILL HELP SOLVE PERSONNEL PROBLEMS

Presents hundreds of ideas for selecting, developing, stimulating, safeguarding, and guiding the working force, in the form of case examples of what actual companies are successfully doing in this field. Even a first reading ought to yield three or four ideas that you can apply right away in getting on better terms with the working force. **HUMAN-RELATIONS MANUAL FOR EXECUTIVES** by Carl Heyel, American Mgmt. Ass. 253 pages, \$2.00

HOW TO MAKE RADIO ADVERTISING PAY DIVIDENDS



Here is a book for business men and advertising executives which carefully evaluates the possibilities of radio as a carrier of advertising messages. Contains the results of many studies of distribution of listeners, listening habits, testing, etc., as well as practical pointers on writing the advertising script, how to handle competition, and how to build and present a program. **RADIO AS AN ADVERTISING MEDIUM** by Warren B. Dygert, Account Executive, F. J. Low Advertising Agency. 261 pages, illustrated, \$3.00

UNITED STATES OF EUROPE?

Sweeping readjustments are the order of the day in Europe. What form they will take, Ernest Minor Patterson, author of *The World's Economic Dilemma*, hazards a guess in his new book, **THE ECONOMIC BASES OF PEACE**. The book offers six possible approaches toward building up the foundations of peace which have temporarily broken down, pointing out the advantages and disadvantages of each. Required reading for an understanding of tomorrow's headlines. 264 pages, \$2.50

Send This McGraw-Hill Coupon

McGRAW-HILL BOOK CO., INC.
330 W. 42nd St., New York

Send me the books checked below for 10 days' examination on approval. In 10 days I will pay for the books, plus few cents postage, or return them postpaid. (We pay postage on orders accompanied by remittance.)

- ☐ Hobbs—Workmen's Compensation Insurance, \$5
☐ Heyel—Human-Relations Manual for Executives, \$2.00
☐ Dygert—Radio As An Advertising Medium, \$3.00
☐ Patterson—The Economic Bases of Peace, \$2.50

Name

Address

City and State

Position

Company B.W. 12-9-39

(Books sent on approval in U. S. and Canada only)



Mines like this in South Africa make Britain the world's No. 1 copper producer, assure the Allies of ample wartime supplies.

has released none of it, even to old customers. This week, overworked London authorities wirelessed that for the present only 10,000,000 lb. of wool could be spared to the United States. In a good year (and 1939 has been a good year) Americans often buy as much as 75,000,000 lb.

Worries of the wool dealers didn't end here. Second source of supply is normally the Argentine. But Buenos Aires is under the thumb of Britain (*BW—Dec'39, p.42*). Only last month, Argentine officials warned that they would give continued preference to British imports. It was a direct reply to London's warning that it would shift its war orders for meat and grain to Empire suppliers un-

less Argentina balanced the trade—now or later—with purchases from Britain. Temporary wool supplies might come from the Argentine, but United States wool dealers were left with little confidence about the future.

The minor crisis in wool is being repeated in half a dozen other lines. Since the outbreak of war, Britain has contracted for the whole of South Africa's copper output, and 80% of Canada's metal production (Canada accounts for more than 80% of the world's nickel; 30% of the world's copper comes from the British Empire, as do 40% of the tin and lead, 30% of the manganese and zinc, and 60% of the gold).

London's wartime monopoly control of



Loading cocoa at Accra—the Allied chocolate supply was assured when Britain contracted for the African Gold Coast's whole cocoa crop.

Empire pro
early last mo
ply comes fr
of which th
leader). Th
wheat may
trol scheme.
world's pro
at will to do

The pligh
American ex
Britain is fr
It is plain th
the successf

That this
justified—ca
demonstrate
wool market
the world's
made). Sin
ain has ord
and the pric
soared from
India is p
Hungary, an
to close.

Driven to

What busi
realize is th
Britain and
tarian meth
have been c
Germany.

Condition
war. Instea
fronts, this
economic fro
the world.

Allies is to c
of the world

To do th
goods from e

The naval b
effective, car
is necessary
the gasoline
the German
Greece ordin
copper of J
Bulgaria.

Exploiting

In addition
these countr
daily necess
pluses which
A great pric
itory surrou

The Allies
stage over C
goods they c
they can pla
mendous cos
they bring al
control. The
been set up
offices scatte
is the contro
States 10,000
wool last we
has fixed th
practically al

Empire products was extended to cocoa early last month (55% of the world's supply comes from British-controlled regions, of which the African Gold Coast is the leader). The free market for Canadian wheat may be submerged in the war control scheme. And with two-thirds of the world's production, Britain is in a position it will to dominate the tea markets.

The plight of the wool dealers has set American executives to thinking. While Britain is friendly to the United States, it is plain that London's first interest is the successful prosecution of the war.

That this objective—no matter how justified—can disrupt business has been demonstrated in the jute as well as the wool market. India accounts for 99% of the world's jute (from which burlap is made). Since the outbreak of war, Britain has ordered 1,000,000,000 sandbags, and the price of jute in three months has soared from \$72 to \$352 a ton.

India is prospering, but mills in Italy, Hungary, and Bohemia are being forced to close.

Driven to Enemy's Methods

What business leaders are beginning to realize is that war is necessarily pushing Britain and France into the same totalitarian methods of doing business that have been decried in both Russia and Germany.

Conditions have changed since the last war. Instead of bloody battles on two fronts, this war is being fought on the economic front—and this extends all over the world. The great objective of the Allies is to cut Germany off from the rest of the world.

To do this, it is necessary to keep goods from entering or leaving the Reich. The naval blockade, even if completely effective, can do only half of the job. It is necessary for the Allies to bargain for the gasoline Rumania is tempted to sell the Germans, for the tobacco and raisins Greece ordinarily sells the Reich, for the copper of Yugoslavia, and the fruit of Bulgaria.

Exploiting Advantages—at a Cost

In addition, the Allies must see that these countries receive as many of their daily necessities as possible, but no surpluses which can be resold to the Nazis. A great price war is on in the whole territory surrounding Germany.

The Allies have an enormous advantage over Germany in the variety of goods they can offer, and the terms. But they can play their game only at a tremendous cost and—they claim—only if they bring all their business under unified control. That is the control which has been set up in London, with branch offices scattered around the world. That is the control which allotted the United States 10,000,000 lb. of British Empire wool last week. It is the control which has fixed the price and contracted for practically all of the Empire's copper and

LIVESTOCK

in the original "Cow Country"

● Today in the Gulf South, some 10,000,000 cattle are growing. More than seven million sheep were raised here last year, far more than in any other region. Milk, hogs, poultry and eggs are major crops.

In the Gulf South, raw materials abound. Mexico, Central and South America multiply large nearby markets. Rail, water, motor and air transport lead to world trade. Weather is mild the year 'round. Land is readily available. Schools are good. Labor is white, reliable, ample, intelligent. Taxes are low—ten years' remission offered in some states.

Industry is decentralizing southward to a friendlier atmosphere. Move to the Gulf South, where you are wanted and appreciated by your neighbors! Without obligation, let us make a confidential survey for you to meet the requirements of your industry.

★ ★

The
Gulf South



Invites
Industry

★

For information on GULF SOUTH opportunities write to
DIRECTOR OF INDUSTRIAL DEVELOPMENT

UNITED GAS PIPE LINE COMPANY

FOR TEXAS, Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. FOR LOUISIANA, Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. FOR MISSISSIPPI, FLORIDA and ALABAMA, Mail received at: Jackson, Mississippi.

ALL INQUIRIES CONSIDERED CONFIDENTIAL

COPYR., 1939 UNITED GAS PIPE LINE CO.

Business Week Advertisers in This Issue

December 9, 1939

ALLIS-CHALMERS MANUFACTURING CO. 2nd Cover	INTERNATIONAL BUSINESS MACHINES CORP.	49
AMERICAN SURETY CO.	Agency—CHAIL & PERRY, INC.	58
Agency—ALBERT FRANK-GUNTHER LAW, INC.	THE INTERNATIONAL NICKEL CO., INC.	9
AMERICAN TELEPHONE & TELEGRAPH CO.	Agency—MARSHALL & PRATT, INC.	12
Agency—N. W. AYER & SON, INC.	IRON FIREMAN MANUFACTURING CO.	45
ATCHISON, TOPEKA & SANTA FE RAIL- WAY	Agency—JOSEPH B. GURDER CO.	21
Agency—STACK-GOBLE ADVERTISING AGENCY	CHARLES B. KNOX GELATINE CO., INC.	20
ATLANTIC COAST LINE R. R. CO.	Agency—KENTON & ECKHARDT, INC.	38
Agency—ALFRED LILLY CO., INC.	KOPPERS CO.	40
THE AUSTIN CO.	Agency—KETCHUM, MACLEOD & GROVE, INC.	34, 35
Agency—FULLER & SMITH & ROSS, INC.	P. R. MALLORY & CO.	62
BANK OF THE MANHATTAN CO.	Agency—THE ATKIN-KYNETT CO.	57
Agency—NEWELL-EMMETT CO., INC.	McGRAW-HILL BOOK CO., INC.	64
BENEFICIAL INDUSTRIAL LOAN CORP.	HOWARD D. MELTON, INC.	44
Agency—DOERMUS & CO.	METROPOLITAN OAKLAND AREA COM- MITTEE	58
R. W. BIXBY, INC.	Agency—EMIL REINHART ADVERTISING AGENCY	44
Agency—FLAGLER ADVERTISING, INC.	MODINE MANUFACTURING CO.	44
BRODERICK & BASCOM ROPE CO.	Agency—THE CRAMER-KRASELT CO.	37
Agency—CHAFFELOW ADVERTISING CO.	NATIONAL BOARD OF FIRE UNDER- WRITERS	46
BROWN & BIGELOW	Agency—GARR-MARTON, INC.	46
Agency—BRONSON WEST	NEENAH PAPER CO.	42, 43
BROWN CO., INC.	Agency—PACKARD ADVERTISING SERVICE	42, 43
Agency—J. M. MATHES, INC.	NEWELL-EMMETT CO., INC.	20
EDWARD G. BUDD MANUFACTURING CO.	Agency—NEWELL-EMMETT CO., INC.	3
Agency—N. W. AYER & SON, INC.	NORFOLK & WESTERN RAILWAY CO.	38
BUSINESS WEEK	Agency—HODGE & CO.	3rd Cover
Agency—LORD & THOMAS	PATERSON PARCHMENT PAPER CO.	58
CHRYSLER CORP.	Agency—FLATT-FORRES, INC.	58
Agency—DOERMUS & CO.	PENSACOLA, FLORIDA	56
COMBUSTION ENGINEERING CO., INC.	Agency—GRIFFITH ADVERTISING AGENCY	61
Agency—G. M. BASFORD CO.	PORTLAND CEMENT ASSOCIATION	26, 27
COUNTRY GENTLEMAN	Agency—ROCHE, WILLIAMS & CUNNINGHAM, INC.	26, 27
Agency—McCANN-ERICKSON, INC.	QUIGLEY CO., INC.	33
DICTAPHONE CORP.	4th Cover	33
Agency—McCANN-ERICKSON, INC.	SCOTT PAPER CO.	10
FAIRBANKS, MORSE & CO.	Agency—J. WALTER THOMPSON CO.	10
Agency—HENSEL, HURST & McDONALD, INC.	SHAW-BOX CRANE & HOIST DIVISION MANNING, MAXWELL & MOORE, INC.	50
FARIES MANUFACTURING CO.	Agency—BRIGGS & VARLEY, INC.	50
Agency—MACE ADVERTISING AGENCY	THE SISALKRAFT CO.	19
FELT & TARRANT MANUFACTURING CO.	Agency—KLAU-VAN PETERSON-DUNLAP ASSOCIATES, INC.	19
Agency—N. W. AYER & SON, INC.	L. C. SMITH & CORONA TYPEWRITERS, INC.	1
FORD MOTOR CO.	Agency—NEWELL-EMMETT CO., INC.	5
Agency—N. W. AYER & SON, INC.	SUGAR BEET PRODUCTS CO.	5
GOODYEAR TIRE & RUBBER CO., INC.	Agency—SEEMANN & PETERS, INC.	58
Agency—ARTHUR KUDNER, INC.	THOMAS STEEL CO.	53
HALSEY, STUART & CO., INC.	Agency—MEEK & THOMAS, INC.	53
Agency—DOERMUS & CO.	UNITED GAS PIPE LINE CO.	24
HARPER & BROTHERS	Agency—BORELL & JACOBS, INC.	44
Agency—THE J. HORACE LITTLE CO.	VICTOR ADDING MACHINE CO.	41
HARTFORD STEAM BOILER INSPECTION & INSURANCE CO.	Agency—CRITCHFIELD & CO.	2
Agency—N. W. AYER & SON, INC.	WARREN WEBSTER & CO.	8
HEATING & VENTILATING EXPOSITION, 6th INTERNATIONAL	Agency—WM. JENKINS ADVERTISING	24
Agency—O. S. TYSON & CO., INC.	WESTINGHOUSE ELECTRIC & MANUFAC- TURING CO.	41
HOTEL LENNOX	Agency—FULLER & SMITH & ROSS, INC.	44
Agency—GARDNER ADVERTISING CO.	WHITING CORP.	45
HOTELS STATLER CO., INC.	Agency—THE FENSHOLT CO.	45
Agency—FULLER & SMITH & ROSS, INC.	WILLSON PRODUCTS, INC.	67
HOUSEHOLD FINANCE CORP.	Agency—JAMES G. LAMB CO.	67
Agency—BATTEN, BARTON, DURNSTINE & OSBORN, INC.		62
HUNTER ELECTRO-COPYIST, INC.		62
Agency—BARLOW ADVERTISING AGENCY, INC.		62

cocoa. Canadians momentarily expect wheat to come under the same gigantic wartime monopoly, have just bargained to sell all of their ham and bacon to Britain for the duration of the war.

What does it all mean to American business?

This great new selling and purchasing agency in London has unprecedented power to fix world prices. By paying out slowly the supplies it controls, it can boost the world price, provide itself with more foreign exchange in return for a given amount of wool, or cocoa, or tin.

Or, if some outside supplier tries a wartime squeeze on some Allied purchasing agent who is after one of the few essentials not available at home, Britain has the power to up the price proportionately on some Empire item needed in exchange.

War Strategy Dominates Buying

Foreign trade control gives Britain another bargaining weapon. Prices no longer will be the sole determining factor in the purchase of goods outside the Empire. If Britain must buy Bulgarian apples or Rumanian wheat to keep Germany from getting them, the Supply Ministry will buy them irrespective of price and quality and cut off some other source (United States fresh apple imports are already prohibited, at least temporarily, by both France and Britain).

There is another familiar totalitarian practice which can be expected to develop. If Japan, for example, attempts to rout the Allies from a long-established foreign market (say Brazil), the Allies in turn can curtail the raw materials they sell to Japan or, they can slash their purchases from Brazil so drastically that the Brazilians won't dare resist them.

Metals Pegged at Low Level

The Allied plan isn't working smoothly yet. The threat of a shortage of tin has already led two American metal interests to plan refineries in the United States and seek non-British supplies of tin ore (BW—Dec 23, p. 34).

Britain so far has pegged metal prices so low that the London Metal Exchange is no longer a factor in world prices. In addition, the foreign supplier has been taking a beating on sterling exchange. This week Latin American zinc began to move into the United States though normally it clears through London. Reaction on the domestic market has been to push the price down from 6½¢ to 6¢ a lb. Nevertheless, the awesome potentialities of this new economic weapon are beginning to be grasped.

American business has no thought of abandoning its system of private enterprise in favor of the Allies' wartime scheme of centralized control. But the problems presented in the first three months of war have set executives to thinking. More than the wool dealers are puzzled about their next move.

Those P

JAMES H. dent of the merce, writ

"As a co business a

work, I wa

lunge from

ments in th

"There i

about this

standing b

the college

in Pittsbur

of the Scho

of the Un

our board

Departmen

our Better

of the De

become th

Authority.

stances. Al

contacts wi

testify that

tion is pro

Mr. Gree

there's ano

cannot be a

sociation in

affairs. For

a matter of

other peopl

The other

done only

business. F

ence betwe

and earning

ability of a

proprietor

value for ev

But many

no idea of

raw materi

right thing

meet his pay

to carry on

volume, kee

laws, laws,

lative mill,

belligerent

thing left o

end of the y

creates and

by a pack o

their damne

undercut his

swipe his cu

That's wh

And that's a

ple in public

rather comp

with busine

do if only t

To admini

and efficien

THE TRADING POST

Those Profs Again

JAMES H. GREENE, executive vice-president of the Pittsburgh Chamber of Commerce, writes me as follows:

"As a college professor who went into business and commercial organization work, I was much interested in the challenge from the professor and your comments in the issue of Oct. 28.

"There is still another way to bring about this much-needed mutual understanding between the business man and the college professor. We are doing it here in Pittsburgh in a small way. The dean of the School of Business Administration of the University of Pittsburgh is on our board of directors; the head of the Department of Civil Engineering is on our Better Traffic Committee; a member of the Department of Sociology has become the head of our Housing Authority. I could recount other instances. All this has resulted in close contacts with business men, and I can testify that the process of mutual education is proceeding at a merry pace."

Mr. Greene's report is pertinent. But there's another part to the problem that cannot be solved by any amount of association in community labors and public affairs. For that sort of thing is largely a matter of administration, of spending other people's money.

The other job, it seems to me, can be done only in the atmosphere of actual business. For there's a world of difference between spending an appropriation and earning a dividend. It takes real ability of a certain type to spend an appropriation with efficiency and get full value for every dollar.

But many a man with that ability has no idea of what it would mean to buy raw materials of the right sort, do the right things to them, pay his bills and meet his payrolls, raise the funds he needs to carry on, pay taxes in ever-mounting volume, keep on the right side of the laws, laws, laws that pour from the legislative mill, avoid trouble with rival and belligerent labor leaders, and have something left over for the stockholders at the end of the year—and to do it all while he creates and cultivates markets, harassed by a pack of competitors who are doing their damndest to obsolete his products, undercut his prices, seduce his dealers and swipe his customers.

That's what it means to run a business. And that's a closed book to a lot of people in public and academic office who are rather complacent about what's wrong with business and about what they could do if only they were in the driver's seat.

To administer public affairs honestly and efficiently is an admirable accom-

plishment. To plan public works that are economically and socially sound and build them at reasonable cost is a highly useful service—increasingly valuable in these days of large public expenditure.

But to think that proficiency in such matters qualifies one to create, manage, or even to regulate the operation of modern business is a fallacy—a pathetic fallacy that underlies a lot of well-intentioned but devastating effort to manage business through governmental agencies.

Efficient public administration is one thing; productive business management is another. To spend an appropriation efficiently is one thing; to earn a dividend is another. A talent for either does not imply even mediocre capacity for the other. Lots of public officials who do a fine job of disbursing millions couldn't keep out of the sheriff's hands if they had to run a \$100,000 manufacturing or mercantile business. And vice-versa. Each is a man-size job for someone who knows how.

It's to get these facts home that I think it might help to have the professors put in some time close to the actual management of a going business. It's not just to have them work at their specialties in some technical department of a business. That wouldn't do it. It's to give them an intimate picture of just what a business man has to do and the environment in which he must do it.

Then when the professors return to teach budding youth how to appraise its world, when they advise the public in matters that affect the conduct of business, they'll have a first hand acquaintance with the job business has to do and some knowledge of why it does that job in a certain way.

And, by the same token, each of them would have had a chance to show his business-man associates the practical significance of what to them is just a lot of academic theory. Which is important, for I have a hunch that some of that theory is going to have very practical effects on business during the years to come. Business as a whole now is passing from a stage of speculative opportunism into one that involves a keener appreciation of social values.

The professors have been doing a lot of thinking about all that. Some business leaders are right up abreast of them. But many business men still sense this shift without seeing it; they are not opposed to it, but they don't quite see it as clearly as they would like. It would help them a lot to size up the professors' ideas at first hand just as it would help the professors to size up the business man's difficulties at first hand. And perhaps familiarity would help each of them to do a better job of selling the other. **W.T.C.**

Mr. Executive!
This should interest you

YOU CAN GET A \$100 LOAN
IF YOU CAN PAY BACK
\$6.41 A MONTH

You can now get a \$100 loan with no interest and no charge for service. The loan is repaid in 12 months. The loan is repaid in 12 months. The loan is repaid in 12 months.

You have probably seen the above advertisement in your local newspaper. It was *not* written for you although occasionally an executive *does* borrow at Household. You can easily get bank credit when you need a loan to meet an emergency. But it is not so easy for the wage-earner. When the clerk or shop worker in your plant needs extra funds—to pay for a long illness or serious accident, for instance—he has to borrow elsewhere.

But where? From your company? It's probably against company policy. From a bank? Banks usually require security he doesn't own or co-signers he can't readily get. From his friends? Friends need all they make for their own expenses.

Where wage-earners can borrow

It is Household Finance's job to provide cash credit to wage-earners. At Household the responsible worker can borrow on his character and earning ability and repay in small monthly installments. Thus he gets cash in a lump sum for the emergency and a repayment schedule permitting him to clear up his indebtedness without sacrifice of living standards. Last year this plan helped over 600,000 men and women to get medical and dental service, make repairs, keep insurance in force, pay taxes—solve money problems of many kinds. The table below shows typical loans and repayment schedules.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	16 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in New York and nine other states. Due to local conditions, rates elsewhere vary slightly.

To help families avoid unnecessary debt Household is conducting an educational program in money management and better buymanship. Borrowers learn how to save on daily purchases and get more out of limited incomes. The booklets used in this work have been adopted as texts in hundreds of schools and colleges.

Wouldn't you like to know more about this service for your employees? The coupon will bring you the story without obligation.

HOUSEHOLD FINANCE CORPORATION and Subsidiaries

Headquarters: 919 N. Michigan Ave., Chicago
"Doctor of Family Finances"

one of America's leading family finance organizations, with 267 branches in 170 cities

HOUSEHOLD FINANCE CORPORATION, Dept. BW-12
919 N. Michigan Ave., Chicago, Ill.

Please send me booklets about Household's family money service without obligation.

Name.....

Address.....

City.....State.....

BUSINESS WEEK

With Which Is Combined The Magazine of Business

December 9, 1939

Prices and Public Policy

IT WOULD BE UNWISE to expect too much from the Temporary National Economic Committee's hearings on prices held this week. It is a common failing of TNEC explorations to take in such a wide territory and start out with such fanfare that the testimony can never live up to the hopes and expectations engendered. The reason for this is plain. TNEC's approach to current economic problems is encyclopedic, rather than pointed. And as a consequence, the hearings usually mean many things to many men.

While this method honors the democratic principle of letting every witness tell his story, it can hardly be expected to produce the orderly, rigorous type of information required for an economic answer to the problems discussed. Culling is essential; and so is organizing. Take, as a particular and immediate instance, the difficulty at the price hearings. The attempt was made to explain prices in general. But there is no such animal as a general price. In steel, there is one way of pricing; in textiles another. In some industries, competition is largely a matter of price; in others, it's largely a matter of service. Each particular industry has a price all its own—a special wrinkle on discounts, or trade allowances, or rebates that makes its particular way of pricing different from some other industry's.

TO TALK of prices as one might talk of a bookcase, or some other inanimate object is unreal. For a price is a living thing. It depends on the men in a business, on the nature of the business, and on the trend of the business. And though government statisticians frequently talk about illiquid prices and liquid prices—prices which fluctuate seldom, like stiff shirts, and prices which move fluidly, like wheat—the mere illiquidity or liquidity is not, *per se*, a mark of vice or virtue.

There has been an attempt of late, however, to invest price policies with a moral or ethical quality. Yet there is nothing fine, or moral, in not raising steel prices, or in lowering zinc prices; nor is it immoral to raise the price of burlap. It's simply a matter of what the manufacturer or wholesaler regards as good business for him—what he regards as in his self-interest.

Now it may happen that a manufacturer makes the wrong choice, for instance, raises prices when to do so is to injure the sale of the goods he has to sell, whereby employment and payrolls may be reduced. That, of course, is bad business—for him and for the country. And it is common practice to go on from

there and say that his mistake becomes "everybody's business;" that price thereby becomes a matter of public policy, not private policy; that every price must be examined as an urgent matter of public welfare and not solely as it affects the immediate personal profit of the price maker.

IN OPENING the hearings on prices, both Dr. Isador Lubin, Commissioner of Labor Statistics, and Dr. Willard L. Thorp, special assistant to Secretary of Commerce Hopkins, took such a point of view when they made it clear that the committee was apprehensive lest industry use the war as an excuse for unjustifiable price advances. Dr. Lubin, for instance, emphasized that conditions today are not akin to those of 1914-1918; that there is not the same demand for American merchandise as there was then, nor is there the same shortage of supplies or industrial capacity. Dr. Lubin is quite right. And he might have gone on to say that the strength of the pound sterling in the World War was a powerful factor in Great Britain's buying over here 25 years ago, but that today, the weakness of the pound is a deterrent.

In such testimony, unfortunately, there is the implicit suggestion that business men are always praying for an excuse to raise prices, and that the war came as the answer to their prayer. Actually, of course, no smart business man deliberately flouts public policy by pricing himself out of a long-term, steady market in order to achieve an immediate gain. Particularly now. He remembers too painfully the boomerang from the 1937 price and wage increases, and wants no encore.

The danger of the TNEC testimony is that it oversimplifies the price problem. For prices, as we said at the outset, present a complex economic problem. Each industry has its particular price and a particular why for it. Thus, the testimony taken is merely a lot of trees. After it is studied, perhaps the committee and Congress will be able to see the forest.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York City. Tel. MEdallion 3-0700. Night Tel. MEdallion 3-0731. Price 20¢. Subscription: \$5.00 a year, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable code McGrawhill.

Willard Chevalier
Publisher

Ralph Smith
Editor

Paul Montgomery
Manager

Managing Editor, Louis Engel • Economist, J. A. Livingston • Foreign, John F. Chapman
Finance, Clark R. Pace • Labor and Management, Frank Rising • Marketing, J. F. Huston
Production, W. W. Dodge • News Editor, Edward Hutchings, Jr. • Statistician, R. M. MacNeil
Law, J. A. Gerardi • Chicago, L. W. W. Morrow • Detroit, Athel F. Denham • San Francisco,
Cameron Robertson • Washington, McGraw-Hill Bureau; Irvin Foos, Special Correspondent
Business Week Foreign Bureaus in Ottawa, London, Paris, Berlin, Moscow, Tokyo, Buenos Aires

E C
1939

WEEK
AGO

YEAR
AGO

BINESS
ICATOR

E C
1939

WEEK
AGO

YEAR
AGO

body's
er of
price
wel-
sonal

sador
l Dr.

ry of
when

ppre-
e for

tance,
in to

same
then,

indus-
might

ound
tor in

, but
rrent.

s the
always

at the
ly, of

flouts
term,

gain.
y the

reases,
that it

as we
prob-

a par-
en is

ps the
orest.

c., 330
ht Tel.

. S. A.,
rawhill.

gomery
anager

Chapman
F. Huston
T. Macdonald

Francisco,
responsibility
ince Alvin.

BUSINESS
INDICATOR